Daily Report

Latin America

FBIS-LAT-95-234
Wednesday
6 December 1995

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FBIS-LAT-95-234 *6 December 1995*

CONTENTS

INTER-AMERICAN AFFAIRS

Bolivian President 'Unable' To Attend Mercosur Summit *[TELAM]* 1
Paraguayan Minister on Mercosur Military Integration *[ABC COLOR 4 Dec]* 1
Continental Conference on Money Laundering Opens *[NOTICIAS ARGENTINAS]* 2

CARIBBEAN

Cuba

Further Reportage on Castro's Visit to China 3
Visits Shanghai Stock Market *[PRENSA LATINA]* 3
Visits Iron, Steel Complex *[Havana Radio]* 4
Arrives in Shenzhen *[Havana Radio]* 4
Delegate to UN: U.S. Violates Human Rights *[Havana Radio]* 4
Revolutionary Armed Forces Celebrates 30th Birthday *[Havana TV]* 5
Exercises Commemorate National Defense Day *[Havana Radio]* 5
Telethon To Collect Raw Materials Scheduled for 25 Nov *[Havana TV]* 5
Labor Minister Reports Increase in Unemployment *[Havana Radio]* 6
Radio Program on Population's Views on Illegal Vendors *[Havana Radio]* 6
Radio Cites TRABAJADORES Editorial on Ethics *[Havana Radio]* 7
Roundup of Economic Developments Through 5 Dec *[Havana TV, etc.]* 7

Haiti

Interim Policemen To Integrate National Police *[Port-au-Prince Radio]* 8
Authorities Meet With Drivers' Union, Cut Fuel Prices *[Port-au-Prince Radio]* 8

MEXICO

Carlos Salinas Letter Views 'Recent Events' *[EL FINANCIERO 4 Dec]* 10
Politicians' Reactions To Letter *[Mexico City TV]* 13
More Reaction to Salinas Letter *[EL FINANCIERO 5 Dec]* 15
'Significant Drop' in Treasury Auction Reported *[Mexico City Radio]* 15
El Barzon Movement Demonstrates in Mexico City *[Mexico City Radio]* 15
Government To Establish Terms Similar to NAFTA With EU *[Madrid EFE]* 16
PAN Bloc Issues Statement Rejecting 1996 Budget *[EL FINANCIERO 30 Nov]* 17
Chamber of Deputies Passes General Import Law *[LA JORNADA 1 Dec]* 18
Political, Economic Scenarios Sketched *[REFORMA 18 Nov]* 18
Roundup of Economic Developments Through 4 Dec *[LA JORNADA 27 Nov, etc.]* 19

CENTRAL AMERICA

El Salvador

FMLN Leader: CIA Responsible for Zona Rosa Massacre *[San Salvador TV]* 23

Guatemala

Security Forces Thwart Kidnapping of U.S. Citizen *[ACAN]* 23
Mexican Woman Diplomat Kidnapped, Tortured, Killed *[ACAN]* 23

President Discusses Increase in Violence *[Guatemala City TV]* 24

Nicaragua

Article: U.S. Envoy Meddling in Internal Affairs *[BARRICADA 4 Dec]* 24
Honduran General Linked To Smuggling of Aliens *[EL NUEVO DIARIO 29 Nov]* 25
Telecom Workers Reach Agreement, End Strike *[BARRICADA 4 Dec]* 26
National Project Party Notes 'Rift' Among Ranks *[LA PRENSA 30 Nov]* 27

Panama

Peruvian Police Arrest Panamanian Linked to MRTA *[EL PANAMA AMERICA 5 Dec]* 27

SOUTH AMERICA

Argentina

Commentary Views Government Crisis *[LA PRENSA 12 Nov]* 29
Provincial Debt Data Published *[CLARIN 16 Nov]* 29

Brazil

Further Reports on Sivam Amazon Surveillance Project 31
Senator: Prices 'Manipulated' *[AGENCIA ESTADO]* 31
Senator: 'Final Word' by President *[Brasilia Radio]* 31
Technological Challenges Noted *[FOLHA DE SAO PAULO 27 Nov]* 32
President To Visit PRC, Discuss Joint Venture *[GAZETA MERCANTIL 27 Nov]* 33

Chile

Congress Approves 1996 Draft Budget *[EL MERCURIO 30 Nov]* 34
RN Leader Andres Allamand Interviewed *[LA TERCERA DE LA HORA 19 Nov]* 35

Colombia

Attorney Charges U.S. Pressure in Pallomari Inquiry *[Santa Fe de Bogota TV]* 37
Prosecutor Rejects Leaks in Investigation *[Santa Fe de Bogota TV]* 37
Results of Samper Investigation Expected 6 Dec *[Santa Fe de Bogota TV]* 37
Government Adopts Temporary Banana Export Mechanism *[Madrid EFE]* 38

Ecuador

Economic Crisis Causes Capital Flight *[Quito Radio]* 38
Andean Pact Members To Pay Tariff on Fuel Sales *[Madrid EFE]* 39
Deputy Minister Meets Brazilian Political Official *[Quito Radio]* 39
Foreign Minister on Sustainable Development in Amazon *[Quito Radio]* 39

Paraguay

President Criticizes Congressional Investigating Committee *[ULTIMA HORA 5 Dec]* 39

Peru

MRTA Members Arrested on Plan To Seize Congress Building *[Lima Radio]* 40
President Announces 'Total War' Against Monopolies *[Madrid EFE]* 40
President Seeks 'Amnesty Law' for Repentant Drug Traffickers *[Madrid EFE]* 41
President Seeks Joint Efforts Against Poverty, Drugs *[Madrid EFE]* 41

Venezuela

Aircraft Crash Investigated, Army Outpost Attacked *[Caracas TV]* 42

Bolivian President 'Unable' To Attend Mercosur Summit

PY0512234195 Buenos Aires TELAM in Spanish 1522 GMT 5 Dec 95

[Report by special correspondent Daniel Vecchiarelli]

[FBIS Translated Text] Punta del Este, 5 Dec (TELAM-SEM) — Bolivian President Gonzalo Sanchez de Lozada is unable to attend the Mercosur [Common Market of the South] summit of heads of state, scheduled to begin on 6 December in the Uruguayan beach resort of Punta del Este, due to a lack of congressional authorization.

This information was supplied this morning by Bolivian Ambassador to Uruguay Antonio Cespedes Toro.

Vice President Victor Hugo Cardenas will represent Bolivia at the summit, replacing Sanchez de Lozada.

The Bolivian ambassador explained that Congress did not assemble in due time and, therefore, the head of state was unable to receive the authorization required to travel to Uruguay.

Cespedes explained that "the conditions are appropriate" for signing in Punta del Este a four-plus-one trade agreement between Mercosur and Bolivia.

Cespedes indicated that during the final stage of negotiations, "political problems are not discussed, only a few technical issues."

A similar negotiation between Mercosur and Chile is also being conducted, but some significant disagreements shows long discussions still lie ahead.

[Buenos Aires TELAM in Spanish at 0003 GMT on 5 December adds: "It was officially reported that President Carlos Menem will travel on 6 December to Punta del Este (Uruguay) to participate, along with the presidents of Brazil, Paraguay, and Uruguay, in the Mercosur summit. The discussions will begin on 6 December with meetings among the foreign and economy ministers of the four Mercosur member countries. The Mercosur Council summit will begin at 1000 on 7 December in the Las Dunas Hotel halls, in the presence of the four presidents of the Mercosur member countries."]

Paraguayan Minister on Mercosur Military Integration

PY0512211295 Asuncion ABC COLOR in Spanish 4 Dec 95 p 6

[FBIS Translated Text] Argentine Defense Minister Oscar Camilion and high-ranking Argentine military officers will come to Asuncion, Paraguay, to lay the foundations for military cooperation — particularly as far as defense and security is concerned — among Mercosur [Common Market of the South] member countries. Paraguayan Defense Minister Hugo Estigarribia stated: "The Armed Forces must be prepared to cooperate, if needed, in the struggle against terrorism, the drug trade, and crime."

Minister Estigarribia said his Argentine counterpart Camilion and the commanders of the three services of the Argentine Armed Forces will visit Paraguay soon. The purpose of their visit will be to continue the talks that began in Buenos Aires the week before about the integration of Argentine, Brazilian, Paraguayan and Uruguayan Armed Forces. Estigarribia explained: Now the basic issues of the Mercosur — such as democracy, and economic and commercial cooperation — have been shored up, the time has come to start thinking about an understanding among the Armed Forces of the member countries regarding defense and security matters in the area.

Estigarribia reported that this issue was tackled at a recent meeting in Buenos Aires, given the need for effective military cooperation among the parties involved. He said this meeting took place within the framework of Paraguayan President Juan Carlos Wasmosy's visit to Argentina. Paraguayan Army Commander General Lino Oviedo, Navy Commander Vice Admiral Guillermo Lopez Moreira, Air Force Commander General Cesar Cramer, and Minister Estigarribia attended this meeting with their Argentine counterparts.

Estigarribia said: "Military integration is a must, so we have started talking about joint efforts to cope with defense and security challenges that Mercosur will pose."

He indicated that no specific date has been set for the visit of the Argentine military delegation, adding that the idea is to establish fluent personal relations and exchange of information, so that all four countries will be able to use what one has available — for example equipment. Estigarribia did not rule out purchases of materiel, conventional armament, uniforms, and so forth. He explained that at this point the talks are preliminary and general, aimed at gradually defining the basic guidelines for cooperation among the four countries. He said: "Mercosur will include a chapter dealing with the Armed Forces and security."

He added: "These are preliminary talks, but the important point is that there is a commitment to achieve military integration sooner or later because it will be increasingly necessary for the military to help out with tasks in which they are presently not involved. Joint struggle against terrorism, the drug trade, and all sorts of crime, could well require military cooperation."

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Continental Conference on Money Laundering Opens

PY0112234795 Buenos Aires NOTICIAS ARGENTINAS in Spanish 2137 GMT 1 Dec 95

[FBIS Translated Excerpt] Buenos Aires, 1 Dec (NA) — With an eye on the elimination of financial networks that permit the laundering of money from the drug sector and other illicit activities, representatives of 24 American countries began the ministerial conference that concerns the laundering of money and criminal instruments this afternoon in Buenos Aires.

Opening the conference, Vice President Carlos Ruckauf stressed that the "problem of money laundering is as serious as drug trafficking itself," and called on the participating countries to face the "common enemy, which this time is not the big ideological blocs but the laundering of money from illicit activities."

Ruckauf, who stood in for President Carlos Menem, stressed the need of creating "supranational courts capable of evaluating and debating the way in which money laundering should be controlled."

"Money laundering is the current enemy," he emphasized, highlighting the Senate approval of the law that declares that all shares must be nominative, through which the confidentiality of shares is eliminated.

Ruckauf indicated that Argentina approved the law because "it would be absurd to propose an action if we did not then set an example by beginning the task with laws."

Economy Minister Domingo Cavallo ratified the "firm commitment of Argentina's financial system to report all suspicious activities," and he promised "there will be no sanctuaries for this crime."

Cavallo heads the Argentine delegation to the conference. He said: "He who launders money, commits a crime. He who carries out illicit activities not only affects others in the financial sector, but all other activities as well." The minister also stressed that Argentina intends to install an information system on financial activities such as the one used by the United States.

He said that through this system "all cash movements made to neighboring countries" can be registered, and added that this system will allow the exchange of information between the nations that make up the network.

Cavallo said: "We know this system will cause loud protests, but we guarantee that none of the measures will harm property rights."

The minister maintained that economic freedom "must be accompanied by transparency, which does not affect legitimate financial operations." [passage omitted]

[Buenos Aires NOTICIAS ARGENTINAS in Spanish at 1629 GMT on 1 December carries the following: "U.S. Treasury Secretary Robert Rubin and Economy Minister Domingo Cavallo met at noon today to review measures to combat money laundering in Argentina and in the rest of the Americas. Rubin arrived today to preside over the Ministerial Conference on Money Laundering and Criminal Mechanisms at the Bauen Hotel in Buenos Aires that will end on 3 December."]

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Cuba

Further Reportage on Castro's Visit to China

Visits Shanghai Stock Market

PA0512235495 Havana PRENSA LATINA in Spanish 1215 GMT 4 Dec 95

[By Javier Rodriguez]

[FBIS Translated Text] Shanghai, China, 4 Dec (PL) — Today, President Fidel Castro virtually shook, with his presence, the Shanghai Stock Market, in a unique visit during his second day of stay in this city.

In an unprecedented tour through an organization of this sort, President Fidel Castro stated his interest in the operation of the stock market and the features of foreign and Chinese participation in its daily operations.

"A warm welcome to Fidel Castro, president of Cuba's Council of State and Council of Ministers," read a luminous sign displayed on the board of the stock market facility that is normally used to disclose stock activities.

Cheers by the personnel working there at the time welcomed the Cuban chief of state, who greeted the men and women — most of whom are very young — that work at the place.

The directors of the organization, established in 1990, gave Castro a detailed explanation on how the stock market operates. Currently, 180 companies conduct their transactions in this organization. All of the 180 companies are Chinese and several of them are quite important.

The directors stressed the financing of companies facilitated by the stock market through stock activities. Sixty percent of this institution belongs to state-owned organizations, while another 20 percent belongs to companies tasked with collecting funds for the social sector.

They explained that the remaining 20 percent — which is open to foreign investors — is currently under the control of the Chinese Government, since foreign companies are not allowed to own more than 5 percent of the total stocks of any Chinese company, with the exception of a few cases.

The tax system, the directors stated, earns the state an extremely significant collection, which amounted to approximately $1 billion in the past period.

Castro's visit to the stock market was preceded by another visit to the Pudong economic development area destined for export purposes, which is one of such areas in the country.

There, Fidel Castro was invited to learn about the master plan for the city and was told that this plan seeks to establish a model community on the 6,000 square km assigned to it.

The directors of this zone stressed that, despite the levels achieved in the areas of infrastructure, trade, and foreign investment, there is still a part of Shanghai that is more developed, while another part is in the process of being properly exploited.

Despite the fact that Shanghai only has 1 percent of the nation's population, it contributes 10 percent of the total income of the national economy.

Along with the obvious stimulus given to the construction sector, the directors emphasized that actions are being taken to adopt a new legal regulation so as to maintain the government's macroeconomic control, "and avoid the problems and shortcomings of the opening."

Thus far, the Pudong development area has 3,300 joint ventures, and it has received foreign investments for $8.5 billion, the sources disclosed.

Fidel Castro asked numerous questions on the treatment of foreign investors, export capacity and market of foreign partners, and the economic benefits obtained by China from this sector.

During the day, the visitor and his nosts toured the facility of the Bell-Shanghai company, tasked with making electric switches, telephones, and personal computers.

This company was established with approximately 60 percent of Chinese-owned capital and the remaining 40 percent of Belgian capital.

A stopover on the Nampu Bridge allowed the group to tour this construction of multiple viaducts that was built at a cost of $150 million with international loans.

The toll charged at the port to an average number of 300,000 vehicles will soon allow the city to pay its cost, according to official figures.

The giant television tower rising at a height of 460 meters, the Nampu Bridge, and the large number of hotels and other constructions constitute a sign of the modern times.

An excursion through the Yu Garden, located in the historic center of the city, also enabled the group to see traditional constructions almost four centuries old, surrounded by vintage vegetation.

Upon leaving the park, hundreds of Shanghai residents gathered to greet the president with their applause.

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Today, Castro completed the fifth day of his official visit to China.

Visits Iron, Steel Complex

PA0512232595 Havana Radio Havana Cuba in Spanish 1300 GMT 5 Dec 95

[From the "Morning Information Review" newscast]

[FBIS Translated Text] An impressive iron and steel complex 26 km from Shanghai today caught the attention of President Fidel Castro, who is winding down his visit to that PRC city.

Castro toured the facilities of the Baosan Corporation, which produces 8.5 million tons of steel tubes and sheets and is aiming for a production rate of 10 million tons in 1996.

The magnitude of the complex, which was built entirely with Chinese capital, can be measured, among other points, by its degree of automation and the more than 18 square km it will cover upon its completion.

The president asked about the traits of the products manufactured at the complex and their destination and was told the plant produces seamless tubes and various types of steel sheeting, primarily for the automobile and canning industries. He was also told that 40 percent of its production is exported.

After touring the complex and speaking at length with its employees, Castro visited one of Shanghai's ports, where he observed the system in which supplies are received and finished merchandise shipped simultaneously and quickly.

Arrives in Shenzhen

PA0612041595 Havana Radio Rebelde Network in Spanish 1255 GMT 5 Dec 95

[Report by special envoy Zenaida Costales; from the "Doing Radio" newscast]

[FBIS Translated Excerpt] Good morning to "Doing Radio" listeners. Approximately 30 minutes ago, Commander in Chief Fidel Castro arrived in the City of Shenzhen. This city is located in Guangdong Province, and is the fourth to be visited by the leader of the Cuban revolution in his first visit to the PRC. Right now, the president and the province's general secretary of CPC are holding a private meeting at a midtown hotel.

Shenzhen, one of the PRC's five special economic zones [SEZ's], is located south of Guangdong Province and abuts Hong Kong. It occupies an area of (?317.5) square km. The main characteristic of this zone is that it steers its activity toward foreign commerce, and has special and [word indistinct] economic policies, the most important aspect being the processing of products and exports. Science, industry, and commerce are combined here, and, therefore, the level of opening is high.

The state grants this zone greater freedom in its economic administration [words indistinct] considering the preferential policies granted by the state. SEZ's are taking the vanguard all over the country in its economic development. The economy geared toward foreign commerce began to gain strength and the specific [word indistinct] of exported products already exceeds 50 percent of the total. For instance, the export level in the Shenzhen zone was over $7.8 billion, placing it at the head of the country's large- and medium-sized cities. This modality is no doubt part of a Chinese [word indistinct] within the economic reform that the commander in chief will have the opportunity to see starting tomorrow. [passage omitted]

Delegate to UN: U.S. Violates Human Rights

PA0512222995 Havana Radio Rebelde Network in Spanish 1800 GMT 5 Dec 95

[From the "National Radio News" newscast]

[FBIS Translated Text] Through delegate Antonio Fernandez, who participated in the debates on human rights in the 3d Commission of the UN General Assembly, Cuba today reported the United States as the most evident violator of human rights.

Fernandez said that in New York alone, 80 percent of the hundreds of thousands of people living in dire poverty are Afro-Americans and Hispanics. He also described the situation of the Native Americans as dramatic. He said the most representative picture of the true situation of man's rights in the United States is perhaps the U.S. judiciary and penitentiary system in which prisons hold 1.5 million inmates. He added that the imprisonment rate of Afro-Americans is 700 percent that of whites and constitutes 89 percent of the accused for whom the death penalty has been requested.

Fernandez said in the commission that the U.S. system is one of the world's most repressive and that it is enforced with utmost force on minorities and other groups that are discriminated against. Nevertheless, he added, this is the model that is being presented as the universal archetype of human rights. He also reported some delegations from northern developed countries that, he says, think the commission's works have nothing in common with what happens in their own countries.

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Revolutionary Armed Forces Celebrates 30th Birthday

PA0612012895 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 25 Nov 95

[From the "NTV" newscast]

[FBIS Translated Text] Here is a report on activities to commemorate the 30th anniversary of the enterprise of projects and research of the FAR [Revolutionary Armed Forces]:

[Unidentified reporter] Just 50 workers, endowed with more resolve than expertise, 30 years ago established the enterprise of military projects and research that currently ranks among the country's best. This enterprise has always tried to increase the country's defensive capability through locating and designing works to develop the theater of military operations.

[Begin unidentified FAR member recording] We are quite pleased with our workers. This is a 30-year-old enterprise with a strong backing of technical workers, who are well-prepared, highly aware, and willing to tackle all the tasks assigned to them. [end recording]

This enterprise has reached the first level of the FAR's entrepreneurial perfection, which has helped it achieve outstanding economic efficiency. Since 1993, its links with the national economy have increased. Thus, this enterprise has participated in drawing up plans to build all types of housing and research centers, as well as designing hotels, and enlarging hospitals, educational centers, and [word indistinct]. A large number of workers, [words indistinct], and the enterprise's leaders commemorated the organization's anniversary today. On this occasion, the [words indistinct] were given decorations and encouragement for all these years of work.

Exercises Commemorate National Defense Day

PA0612044795 Havana Radio Rebelde Network in Spanish 1255 GMT 4 Dec 95

[From the "Doing Radio" program]

[FBIS Translated Text] During National Defense Day, the mine laying and mine sweeping exercise in the Bay of Matanzas was the most outstanding event that took place in this province. There was massive participation in all events throughout Matanza Province's 14 municipalities. Yadira Garcia Vera, Provincial Defense Council president, and Division General Joaquin Quintas Solas watched the deployment of the special naval unit (Caribe) in prevision of a naval attack in this area. Practical and theoretical exercises characterized this day — of defensive exercises — in Matanzas.

The presence of youngsters was felt. From their Pioneer organization stronghold, 39 pioneers took part in a symbolic beach landing at Varadero commemorating the Granma landing. In the closing ceremony, Yadira Garcia, Politburo member and first secretary of the Communist Party of Cuba in Matanzas Province, praised the people of Matanzas for their preparedness and for being ready to carry out a war — by all the population — if it were necessary.

In Ciego de Avila Province this Sunday, thousands of Territorial Troops Militia, reservists, and members of the production and defense brigades successfully participated in National Defense Day. On this occasion, defense day was held on 2 December, 39th anniversary of the Granma landing and Revolutionary Armed Forces [FAR] Day. Among other activities during the day, trees were planted, there was general participation in preparing areas for military operations, and command structures were exercised. There was also practical and theoretical classes imparted, especially, to the university militias, which have recently been incorporated to the war by all systems.

An outstanding role was played by students. Approximately 50,000 students participated in Sunday's defense day through the Pioneer organization. Their activities began the day before, with the symbolic reenactment of the Granma landing in Punta Alegre, in Chambas Municipality. These small children also participated in reforestation activities, built rustic camp areas, displayed first aid techniques, organized patriotic events, and met with combatants and with relatives of martyrs. I reiterate once again, friends, this Sunday the people of Ciego de Avila Province took part in a successful day of defensive training, which commemorated another anniversary of the Granma landing and of the creation of the FAR.

Telethon To Collect Raw Materials Scheduled for 25 Nov

PA0612035795 Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 23 Nov 95

[From the "NTV" newscast]

[FBIS Translated Text] On Saturday, 25 November, the second telethon called my contribution [words indistinct] will be held nationwide. The main activity will be held at the provincial CDR's [Committees for the Defense of the Revolution] in (?17B), Vedado, and television centers and radio stations will carry out similar programs. The appeal is based on the needs of the economy for 5,000 metric tons of raw materials to continue the production of infinite [infinita] roof tiles and in that way continue making systematic deliveries for the people and entities.

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Labor Minister Reports Increase in Unemployment

PA0612035995 Havana Radio Rebelde Network in Spanish 1800 GMT 27 Nov 95

[From the "National Radio News" newscast]

[FBIS Translated Text] Conditions in the agriculture sector are being created making it a more attractive source of employment. The information was given to correspondent Diosdado Maso, and to this program, by Labor and Social Security Minister Salvador Valdes Mesa.

[Begin recording] [Maso] Valdes assured us that an employment program has been prepared. This program will contribute to the current growth of Cuba's economy. The implementation of moral and material incentives in the sugarcane industry and in non-sugarcane sectors of agriculture, especially, in the coffee, tobacco, rice and honey production sectors — in the agriculture sector in general — have helped to make these sectors more attractive, among the various employment policies.

[Valdes] We found that we needed to diagnose Cuba's employment resources. We have concluded that diagnosis. Truly, unemployment in Cuba has increased. Employment has dropped in Cuba in general, but especially in the state sector. Cooperative and private type employment have increased and employment in the new joint ventures sector has begun. However, the truth is that employment is affected. In contradiction to this, we have the possibility of employing people in Cuba. The diagnosis reveals that our sector — the agriculture sector — is in need of a large number of workers, I mean, for the sugarcane and non-sugarcane production sectors. Truly, these sectors can absorb tens of thousands of workers and Cuba needs them.

[Maso] Material conditions are being implemented in Cuba's agriculture sector, making the employment of a large number of workers feasible. [end recording]

Radio Program on Population's Views on Illegal Vendors

PA0612002495

[FBIS Editorial Report] Havana Radio Rebelde Network in Spanish at 1255 GMT on 23 November, during its regular program "Doing Radio," features a segment of an ongoing report on the population's views on illegal vendors.

The report begins with recorded calls from two listeners: One said he believes he has been cheated twice at gas stations pumps, and the other one said he wonders where the street vendors get the products sold outside the stores, and how come the price is lower than at the store.

Next, anchorman Felix Fernando Garrido introduced mobile unit reporter Eduardo Jimenez. The reporter interviewed the manager of Santa Catalina store, "one of the stores hit hardest by the clandestine vendors, who usually peddle imported products of unknown origin, presumably illegal, and tend to concentrate near hard currency stores..." Manager Manuel Garce adds that despite the clandestine vendors, the store still has an acceptable level of sales and that he does not have enough personnel to drive the vendors away permanently. He stated that "their merchandise comes from our own warehouse. No (corrects himself), not from my warehouse, from other warehouses. Jimenez reported having seen vendors peddle Scotch whiskey, bottled sodas, imported beers, and ham sandwiches. Garce added that these vendors "truly take away customers and are hurting our business."

This is followed by several more recorded calls from citizens complaining that every citizen must help to solve this problem.

Later on Garrido introduced Pepe Suarez who reported that the previous day, a truck full of yams and a crew of Youth Labor Army members began selling yams at four pesos for 20 pounds in a Centro Habana neighborhood. "Everything was going well until an inspector showed up and requested to see the sales permit. He was told: We do not have a written order, only verbal instructions from our superiors. The inspector stopped the sale and ordered the truck to return to his home base, but failed to do more, set a fine, or call the police to investigate the case as the circumstances required. The customers, irate, demanded that the sale continue. The inspector left the area simply saying: I am doing my duty." Suarez goes on to wonder if that is really so when all he managed to do was to anger the people and send the culprits on their way to park a few blocks away. Suarez concluded by calling for the correct implementation of procedures and control measures.

This report is followed by one more recorded call from a man that stated that the store personnel must be in cahoots with these illegal activities.

After six minutes of various reports, Garrido once again introduced mobile unit reporter Eduardo Jimenez who interviewed a store guard. The guard reported that the job is very complex and that clandestine vendors bring down sales and upset the regular clientele. He added that the merchandise sold by these street vendors costs much less, and that "local bodies systematically try to control the problem."

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Radio Cites TRABAJADORES Editorial on Ethics

PA0612043395 Havana Radio Rebelde Network in Spanish 1255 GMT 4 Dec 95

[FBIS Translated Text] Dear listeners, as you might remember, the 17th Congress of the Cuban Workers Federation [CTC] is scheduled for April. As I mentioned earlier in this program, today's edition of the newspaper TRABAJADORES carries an editorial titled: Ethics in the Thesis of the 17th CTC Congress.

I wanted to mention that this thesis states that the union movement must work hard to put a halt to trends that might weaken the sense of honesty, dignity, and moral values of those who manage the resources as well as the workers and thus prevent the spread of indiscipline, deviant behaviors, economic theft, and corruption.

Thus begins the editorial. Next it reads: In short, the thesis expresses confidence in that the moral structure of Cuban society is capable of resisting the economic, political, and ideological earthquakes of these times without dismantling essential principles such as love for the fatherland, humanism, social justice, honesty, collectivism, and solidarity.

The editorial goes on: Part of that confidence is grounded in the knowledge that what has spared Cuba from the unavoidable disintegration which half the world predicted for us, was precisely the moral strength of its people, and the workers — the cement which with we have built our unity, and capacity for resistance.

It is common during times of difficulty and hard tests, when moral values are in conflict with pressing needs, for some to weaken and others to get stronger, for some to abjure themselves and for others to reaffirm themselves, for some to keep their dignity and for others to lose all sense of pride.

In Cuba, rather than being surprised by the weaknesses that might be seen in terms of moral conduct, we must see with pride the fact that millions of people from every generation, have resisted with stoicism and on many occasions heroism, and have overcome their daily problems, spurred by duty rather that any material benefits. However, the serene contemplation of the problems that affect the moral structure of Cuban society, the balanced assessment of causes and effects, invite us to act with restraint.

There are problems and we must confront them. The workplace is one of the basic stages which nurtures the elements which shape the formation, preservation, and development of social norms and moral values which explain the behavior of the people. The creation of labor conditions that promote the expression of the best values of the worker, and makes him identify his motivations with the interests of society, is, undoubtedly a main function of the Cuban unions. Whoever studies carefully the thesis of the CTC Congress will find, explicitly and implicitly, the confirmation of that guiding truth.

With the efficiency assemblies and collective labor accords, for example, the union movement assumes responsibility for organizing the democratic participation and role of the workers in the labor processes. Our duty is to ensure that this direct role becomes a source of positive moral values that might promote the balanced and beneficial existence of society, and serve as a unifying and educational force of democracy against that which corrupts, weakens, and destroys.

The editorial concludes thus: If the issue of efficiency is in the foreground of the agenda of a workers congress, it is because we are not talking about mere economic efficiency goals, we are talking of efficiency accompanied by ethics grounded on the principles of the Cuban Revolution. If we, the workers, were to renounce defending those morals, we would be braiding the rope to hang ourselves because concepts such as efficiency and competitiveness, unless regulated by a body of ethics, end up turning man into nothing more than a piece of merchandise.

Today's reality is harsh and difficult, and the road to coexistence with the market and elements of capitalism is full of moral dangers. However, there is no other choice to preserve the nation's future, and it is necessary to lift up our rebel consciousness against the deformation of the just goals that guide us. It is necessary for honest workers, who are the majority, to close ranks against any trend to relax legality and the scrupulous use of resources. It is necessary that union leaders endeavor to promote righteousness so that it becomes the norm in civic actions and personal examples.

Roundup of Economic Developments Through 5 Dec

PA0512225395

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Cuba monitored through 5 December 1995.

The workers of the Manufactured Gas Enterprise have set a new gas production record: 168.7 million metric tons of gas. This is due to more efficient maintenance work. (Havana Tele Rebelde and Cuba Vision Networks in Spanish 0100 GMT 28 Nov 95)

In order to meet the demand for housing for tourism, a big effort from the country's construction workers will be necessary next year. The country plans to double its tourist room availability and build 50,000

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residences. Mario Cabello, president of the National Housing Institute, noted at a construction workers meeting the need to meet this challenge. (Havana Radio Rebelde Network in Spanish 1800 GMT 28 Nov 95)

The travel agency Cubatur will conclude its 1995 work having served approximately 500,000 tourists, according to a 29 November report datelined Havana. Sara Sologuren, director of that firm's marketing department, said in Havana today that Cubatur foresees an annual growth of 20 percent. (Havana PRENSA LATINA in Spanish 2237 GMT 29 Nov 95)

According to a Havana 30 November item, official sources reported here today that an enterprise created by the consortiums Accor and Amorim, of France and Portugal, respectively, will finance 75 percent of the investments to be made on Cuba's main hotel chain Gran Caribe. (Havana PRENSA LATINA in Spanish 0811 GMT 30 Nov 95)

Cuba's economic reactivation depends greatly on whether sugar production reverses its downward trend of the past few years. International Sugar Organization's Peter Baron believes that Cuba's sugar production could reach 4.5 million metric tons for the 1995-1996 harvest, "especially with the greater amount of available resources." Peter Booth, representative in Cuba of the ING AL Netherlands Caribbean Bank, reported that credits earmarked for nine of the 13 Cuban sugar provinces, amounts to $123 million, which covers 50 percent of the needs. (Havana Radio Havana Cuba in Spanish 0000 GMT 1 Dec 95)

November tourist activity in Cuba increased 76.5 percent compared to the same period in 1994, according to a 1 December report datelined Havana. In November, more than 571,000 tourists a day attended, compared to 323,857 during the same period in 1994. (Havana PRENSA LATINA in Spanish 1511 GMT 1 Dec 95)

A modern pier will be inaugurated on 1 December in Havana to once again attend cruise ships, according to 1 December report datelined Havana. The pier can accommodate two tourists vessels simultaneously and its cost was $6.2 million. Docking and undocking operations are carried out by Cubanco, S.A., a Cuban-Italian enterprise. (Havana PRENSA LATINA in Spanish 1619 GMT 1 Dec 95)

A report from Matanzas Province by Jesus Diaz Loyola indicates that the Youth Labor Army, EJT, expects to harvest 280,000 metric tons of fruit over a production area of 23,000 hectares. Approximately 50,000 metric tons of fresh fruit are intended for the international market in Europe and Argentina. The Victoria de Giron Citric Enterprise has just harvested a record 38,000 metric tons of fruit collected in November, the highest ever during the special period. (Havana Radio Rebelde Network in Spanish 1255 GMT 2 Dec 95)

Engineer Fidel Taboada of the Rodar Motorcycle Assembly Plant reports that during the past four months this firm assigned more than $70,000 of its profits to finance bicycle production in Cuba. (Havana Radio Rebelde Network in Spanish 1800 GMT 2 Dec 95)

Cuban light industries are recovering thanks to the tourist market for its manufactured products, according to a 4 December report datelined Havana. These industries include such things as shoes, perfume, furniture, plastics, and handicrafts, according to Light Industry Minister Jesus Perez Othon. He added that this work is carried out in over 600 factories. In 1994, light industries billed $18 million and 1995 should close with a gross income of more than $30 million. Perez Othon said that the 1996 goal is $55 million. (Havana PRENSA LATINA in Spanish 1938 GMT 4 Dec 95)

Haiti

Interim Policemen To Integrate National Police

PA0512225495 Port-au-Prince Signal FM Radio in Creole 2100 GMT 4 Dec 95

[FBIS Translated Excerpt] The demobilization process of the elements of the Interim Police Force will reach an end. Some interim policemen will integrate the new National Police Force, according to what a reliable source in the capital says. Over 200 interim policemen were demobilized over the past days in some regions in the country such as Petit-Goave, Leogane, and Croix-des-Bouquets. They will be replaced by elements of the National Police. Furthermore, about 100 interim policemen will have to integrate the National Police which will include three bureaus: a general bureau, an administrative bureau, and a judicial bureau.

Authorities Meet With Drivers' Union, Cut Fuel Prices

PA0512225695 Port-au-Prince Signal FM Radio in Creole 1230 GMT 4 Dec 95

[From "The 0730 Appointment Newscast"]

[FBIS Translated Text] The main news today concerns public transportation. The Haitian authorities decided on 3 December to lower the fuel prices as of midnight tomorrow. So, the gasoline price will go from 31.70 gourdes to 30.50 gourdes; gas oil will go from 22.70 gourdes to 21.00 gourdes; kerosene will go from 18.60 gourdes to 17.50. Five Haitian public transportation unions met yesterday with four ministers of the government of

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Prime Minister Claudette Werleigh in order to discuss the fares in the country in comparison with the fuel prices that the drivers found too high.

The public transportation drivers threatened to go on strike this week if the current authorities did not decide to lower the fuel prices, according to Nally Beauharnais, head of the Public Transportation Drivers' Union, CSTP, union spokesman who discussed with several ministers. The discussions with Social Affairs Minister Mathilde Flambert, Commerce Minister Roger Perodin, Finance Minister Jean-Marie Cherestal, the minister of information, and five unions including CSTP, the Haitian Transport Workers Union, and the Drivers' National Action unfolded in three steps. According to explanations by Nally Beauharnais, the authorities finally agreed yesterday to lower the fuel prices in the country.

This information has been confirmed by the minister of information in a communique advising that gasoline prices decreased from 31.70 gourdes per gallon to 30.50 gourdes, diesel from 22.70 gourdes to 21.00 gourdes, and kerosene from 18.6 to 17.5. Additionally, according to explanations by government officials this new measure they have adopted will be implemented beginning tomorrow, Tuesday, at midnight.

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Carlos Salinas Letter Views 'Recent Events'

PA0512231695 Mexico City EL FINANCIERO in Spanish 4 Dec 95 pp 57, 60

[Letter from former President Carlos Salinas de Gortari via facsimile on 4 December]

[FBIS Translated Text] I believe I need to express my opinion in view of recent events in Mexico.

1. I decided, back in March 1995, to make absolutely no comment about anything on any event that was to be written about me, and to not leave the country, in order to avoid having my words or presence be used as a pretext to affect the domestic situations everyone must bear. I even refused to give explanations whenever my absence and discretion were written about as if I were in "exile," which in fact has no place in a democratic regime.

On several occasions I have attempted to express myself about topics that affect me, or on events blamed on me. In fact, my intention has been to do so in Mexico. I have been careful not to do so without previously discussing it with the proper authorities, and the reply I have received was that it would be preferable for me to abstain from doing this, so as to not contribute to the current tense atmosphere. That is why, paying attention to this suggestion, I had not issued any statement or traveled to Mexico. However, in view of the leaks and rumors, I emphatically declare: I am willing, as I have always been, to appear and make myself available for any clarification, including a legal one.

2. I am blamed for every aspect that is currently a problem. There is, however, an atmosphere of confusion, which in certain cases is deliberate. Thus, stances are taken, denouncement speeches are delivered, and notes that seem to make disclosures appear, which in many cases are nothing more than leaks or repetition of previous leaks. The "revelations" are not intended to explain anything to the people but to confuse them, and to make the people worsen the scandal, as a political weapon.

That is why it becomes necessary to clearly state that everything has to do with politics. Everything has a political motive, and is part of the current political situation.

I point this out because this shows that the political struggle has turned as tough as the crisis itself — but in addition, it seems to have no limit. The way things are written nowadays in Mexico, making me a "favorite villain," not only serves as a story, oh no; it serves the political purpose of turning me into the focal point of attack by all factions and groups with an ax to grind or an interest. But taken to extreme, this becomes something so absurd that citizens begin to realize that there is something more to it. As a public servant I made mistakes; I also did right things, and I was responsible. That I admit. But one has to clearly show that tremendous political struggle. That way it will do a great service to the democratization Mexico.

I became the focal point of all insults when great confusion of interests and confusions ensued. I respect and answer objective and well-founded criticisms. I will attempt to answer them with these explanations. There are also those who single me out for personal reasons; others because fear is added to uncertainty, and this makes them join the criticism now in vogue; others because they are rightfully annoyed — some more than others — because they missed the opportunity to be able to aim their frustration against me. (This is the case of some who just because they worked with Luis Donaldo Colosio call themselves "Colosio followers.") Others believe that by attacking me they hurt the political system; thus, they seek to weaken the current administration. Certain minor officials do so to justify that they cannot do their job because "everything was left to them in a very poor state."

During my administration I had to step on many toes in order to open up, among other important aspects, politics, economic activities, the diversification of foreign relations — so as to gradually leave behind social relations dominated by groups close to power for several decades. Reforms were made to break up the political control of political groups who were part of the state. It was a power structure reform from within, to create new popular grass roots — not for the purpose of keeping people in power but to build new, more open, and democratic, institutions. This was carried out as social liberalism, which is clearly different from neoliberalism.

Reaction by the affected groups was tremendous — sometimes silently and not publicly; others using third parties as intermediaries for their rejection of the reforms. This underground, but very powerful, opposition (proportional to the interests of those affected) became combined with the violent reaction of groups of drug traffickers who were firmly attacked during my administration.

These are the groups and interests that opposed a negotiated solution to the Chiapas conflict, exerting pressure for an annihilating response, with the reflexes of the cold war — rough and violent reflexes with which they responded domestically to people's movements back when these groups were in power. These are the same groups who criticized without limit Luis Donaldo Colosio's campaign between January and February 1994. They are the ones who tried to impose their own

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candidate following the tragic and painful death of Luis Donaldo Colosio. They are the ones who want to gain the most positions during the current circumstances.

3. An attempt has been made to blame me for the country's tremendous present economic crisis, a crisis that has caused millions of Mexicans to lose their jobs. They are deeply grieved, and justifiably so. When I handed over the office, I left behind unsolved problems — but not a crisis. For six years, we made changes and reforms so that throughout 1994 we could lower inflation to 6 percent. We grew positively during the six years of my government. In five of these years, this positive growth exceeded that of the population. In addition, we lowered the internal debt and the foreign debt.

Contrary to what has been reported, on 30 November 1994, my last day in office as president, the Bank of Mexico's reserves were more than $12 billion, the highest that any government ever left to its successor. I did not name the so-called "December error." This name was coined by officials of this administration during interviews with foreign reporters. I asked for a clarification of it — not to avoid my responsibility, but to show that such a deep crisis can be brought about by errors, not just by handed-down problems.

It was reported that I had refused to devalue the currency to protect my image or because I aspired to international positions. I did not campaign for this while I was president. I was always willing to take any necessary measures to solve specific problems, even in November 1994. I did try, however, to avoid sudden devaluations — because of the traumatic effect that such a measure has caused on Mexicans throughout the country's history. Between 1989 and 1994, we succeeded in keeping the currency from sliding by more than 50 percent. Contrary to the report that in 1994 we refused to adjust the exchange rate for political reasons, the slide only slightly exceeded 13 percent despite that year's tremendous events. By November 1994, Mexican exports were already growing by more than 30 percent.

To lower our economy's vulnerability with respect to the outside world, we expanded our market to the north (through NAFTA), to Latin America and Europe, and, for the first time, to the tigers of the Pacific (through the Asia-Pacific Economic Cooperation forum). The Treasury Bonds problem was caused not only by their face value, which was announced publicly every time an issuance was made, but by the fact that foreign investors lost confidence in this instrument and all the others after the 20 December devaluation.

4. Throughout the year, I have been accused for Luis Donaldo Colosio's tragic death. It has been suggested that there had been a split between Colosio and me in the days or weeks prior to his death. It has also been suggested that this purported break was — in a still unspecified manner — connected with the motives of the person or persons responsible for the horrible murder of 23 March 1994. Regardless of the impression of others, who by necessity observed this relation from the outside, my relation with Colosio in the days or weeks prior to the murder was always one of mutual confidence, friendship, and loyalty, just as it had been during my 15-year relationship with him. I never doubted his loyalty and he always knew he could rely on mine. He never made any comments that could have led me to doubt this, and never told me he had any doubts of his own. We communicated with one another frequently during his campaign, both over the telephone and during our many interviews.

During these conversations, our communication was always sincere and cordial. This was particularly so in the days prior to the terrible murder, because of the political events that followed and opened the door to make his political campaign more effective. At no time was there a confrontation, let alone a rupture, between Colosio and myself. Nor was there any important disagreement on substantial matters. I endorsed his views, which he explained to me. This is something I now see did not happen with several of those in his own company. We also discussed his interviews with other political figures.

Up to the moment he died, I made it very clear, publicly and privately, that as far as I was concerned no one but Luis Donaldo Colosio could be the candidate. The party never had an alternate choice because it had concentrated on carefully building up his candidacy. After his tragic death, I backed the person I supposed Luis Donaldo Colosio would have supported.

Luis Donaldo Colosio was the candidate the PRI had always wanted, throughout its more than 60 years of existence. The party had a candidate who not only had won various popular-election posts (he had been deputy and senator), but who had also occupied top PRI posts. He was party president and chief party officer. He was responsible for coordinating my presidential campaign. He had just served in the cabinet's most important post for the social sector, and he had an excellent international reputation (derived from work with the party and with the environment sector). As a member of the economic cabinet, he participated in Mexico's main decisions on economic changes and restructuring.

Luis Donaldo Colosio represented the best option for maintaining the political project that had been promoted for several years, through two administrations. He was

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the one who with more clearness and determination had assumed a commitment to the philosophy of social liberalism.

Much has been said about his 6 March speech on the occasion of the PRI's anniversary. It has been said that this meant a break with us. The truth is that during presidential campaigns there is always a moment that defines the candidate. Besides, at the end of January, in the context of the Chiapas conflict, I suggested to the candidate that his position on this be more detached from the government's stand, as I had done when I initiated my presidential campaign in January 1988. That suggestion took shape in his 6 March speech. It has been said that he never discussed that speech with me before delivering it, and this is true (and it was the right thing to do, considering the content of the speech) — but what has not been reported is that, acting with his traditional courtesy and because of the good communications we had, he had sent me the speech before delivering it.

It is true that my main concern at that moment was peace and stability in the country. Any other concern would not have been consistent with my constitutional duties. Only a stable political atmosphere could guarantee the holding of free and peaceful elections. Candidate Colosio perfectly understood and fully accepted this.

Luis Donaldo Colosio's death saddened the country, brought mourning to his family, and represented a most severe impact on my government; it put an end to a candidate who had been carefully groomed for years, to the candidate most committed to the country's modernization project, the candidate dearest to me. If somebody was close to, and a friend of, Colosio, even on family matters, it was me. Because of his tremendous capabilities and talent, I closely participated in his professional promotion, up to his nomination as presidential candidate.

His assassination, in addition to personally devastating me, had an impact on the subjects on which I had been concentrating: peace, stability, and the economy. All this had been affected by the violence resulting from the guerrilla uprising in Chiapas. The simple truth is that his death hit me tremendously, personally and politically. No one can suggest, imply, or say that differences or a disagreement that never existed between him and me could have made me change my position on his candidacy. Our interests were closely related, especially in the circumstances that prevailed at that moment. Pressure on me personally, and against the structural changes and reforms of my administration, increased dramatically after his death. The very viability of these policies were put in doubt. It is absurd to suggest anything different.

However, pursuing this argument further: Even if a disagreement had occurred, even if our political interests had been different — which I must insist, never occurred — a more delicate accusation could not have been made. There cannot be a more contemptible summons for a climate of cynicism and disenchantment than to suggest that a connection exists between these disagreements and the reprehensible crime that was committed. In fact, an accusation such as this places the moral and political foundation of the presidency of the Republic in question. If there were real (not fabricated) evidence to support these accusations, it would be imperative for anyone possessing, or who had possessed such evidence, to submit it to the proper authorities. If there is no such evidence, then whoever is encouraging these accusations deserves the greatest condemnation, because of the seriousness of the matter. No doubt, this is cause for a thorough investigation of those individuals who, because of personal resentment, malicious intent, or just plain irresponsibility, promote these kinds of accusations.

5. Once more I find it necessary to insist that my brother Raul's dishonesty is unacceptable to me; and that dishonesty lies in the fact that since the beginning of my administration I asked him not to take part in any business dealings. I even asked my co-workers to see that none of my kinsmen received any preferential treatment. That is why I have, personally and as a citizen, expressed my demand to him that he clear up the source of these funds. My position is clear and unambiguous regarding this demand. I had no knowledge of these activities.

6. Nothing that has occurred in Mexico this year is removed from a tremendous struggle for power. What is being decided is which proposal for a nation will prevail.

That is why Luis Echeverria's political offensive against me cannot be considered a casual attack. Echeverria was president of Mexico between 1970 and 1976. I understand that his plan for the nation was a closed economy, without any political competition and where there was strong hostility between the different social classes. Very respectable people cooperated with him. However, let us examine more closely some of my principal attackers: Augusto Gomez Villanueva, former agrarian reform secretary of the Luis Echeverria administration, who now heads a PRI faction that is asking for my expulsion from the party; Porfirio Munoz Ledo, Echeverria's labor secretary, who Echeverria himself named as PRI president during Jose Lopez Portillo's presidential

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campaign, and who is today president of the opposition Party of the Democratic Revolution [PRD]; and "independent" deputy Adolfo Aguilar Zinser, who is promoting a legislative commission to investigate me and who worked full-time for the "Center for Third World Studies" under the direction of Echeverria. Let us not forget Ignacio Olvalle, who worked as President Echeverria's personal secretary.

They are not the only adversaries I am facing. There are those who were affected by my reforms — specifically, the drug traffickers that were pursued intensely during my administration. However, the former adversaries are more systematic, better organized, and they have a clear and precise political plan for the current situation.

In the flood of accusations they have made against me, we do not perceive a single sincere action, a single act of patriotism, or even against corruption — only political maneuvers in which many of the participants are unaware that they are merely the instruments of a group or political faction that intends to turn itself into a hegemony.

It is known that they have accumulated enormous resources and financial wealth and an active share in real estate. At the same time, they are adding people to their political plan. One can remember those persons who served Echeverria for 18 years in the Federal Security Directorate, which was disbanded because of its notorious corruption. By the way, none of the persons mentioned above said anything when Ruben Zuno, Echeverria's brother-in-law, was brought to trial in the United States charged with drug trafficking and planning the murder of DEA agent Enrique Camarena Salazar.

We must now remember that in March 1994, a few hours after the painful death of my intimate friend Luis Donaldo Colosio, in the midst of the ongoing tragedy and of economic uncertainty, a great struggle broke out for the succession to his candidacy. In those days, former President Luis Echeverria came unexpectedly to my office in Los Pinos to propose "his" candidate. His proposal was obviously not in favor of Dr. Ernesto Zedillo. At the same time, Augusto Gomez Villanueva publicly (in a letter and paid newspaper announcement) began to promote a PRI candidate, without the proposed candidate's knowledge, who was also not the candidate the party was postulating. This action threatened to disrupt the internal cohesion of the PRI and create an unstable situation. Intense negotiations had to take place within the party to agree to support the candidacy of Ernesto Zedillo.

At that time I did not believe that the actions of these individuals were related to the painful events that had been occurring since January 1994. However, in September 1995, Luis Echeverria spoke out publicly against social liberalism and what he termed its possible extension for six more years. It seems that for Echeverria and others, Luis Donaldo Colosio's candidacy was precisely the possibility of a continuation of the social liberalism model.

It would seems that many of the persons whose interests I affected would be above suspicion. However, society knows better. An advocate for human rights and for the rule of law as honest and as courageous as Teresa Jardi has written that the masterminds of the "assassinations" (of Colosio, among others) could be those individuals who are gaining control of the country. They kill for gain, and the country is being left in the hands of these emissaries of the past. They have shown that they are willing to do anything to maintain the political power they had in the seventies, while they maintained economic power through their affiliation with drug traffickers. These could be the masterminds of a criminal conspiracy.

That is why I have pointed out that this flood of accusations against me has to be placed in its proper political context. Otherwise, they and their friends could be looking for ways to confuse the public, which seems to be dominated more by rumors than by actual information.

The reform proposal which I promoted — with its problems and errors, for which I accept responsibility — was carried out because in today's world it seems that the other nations have not found a more efficient path. During the country's internal debate, no better alternative proposal has been made, except to repeat the experiences of the past.

Politicians' Reactions To Letter

PA0612002095 Mexico City XEW Television Network in Spanish 0400 GMT 5 Dec 95

[From the "24 Hours" newscast]

[FBIS Translated Text] Former President Carlos Salinas de Gortari sent a communique to several news organizations last night mentioning former President Luis Echeverria. Salinas said Echeverria's political onslaught against him is no mere chance and that several former Echeverria's assistants are the most systematic and organized opponents that he, Salinas, has to face.

I have received a letter from Echeverria that reads like this. San Jeronimo Lidice, Federal District, Monday 4 December 1995. Salinas has said that I am leading a political offensive against him. He said I am coordinating his main and recent attackers, Augusto Gomez Villanueva, Porfirio Munoz Ledo, Adolfo Aguilar Zinser,

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and Ignacio Ovalle, because they worked for me. It is true they did, and always loyally, 19 years ago. I am not coordinating anyone at present, not even my own sons and grandchildren who are many and are devoted to their professions, jobs, and studies, handling their own responsibilities. What Salinas says could not be farther from the truth. The public and the media know this. Signed Luis Echeverria.

Among the names of opponents connected to Luis Echeverria that Carlos Salinas mentions in that communique, which he widely disseminated last night by different means, he mentions Porfirio Munoz Ledo, current PRD [Party of the Democratic Revolution] leader, and deputies Augusto Gomez Villanueva and Adolfo Aguilar Zinser. They spoke today to the "24 Hours" newscast. Munoz Ledo did so from Germany.

[Begin recording] [Unidentified woman reporter] Mr. Munoz Ledo, what brings you here to Germany?

[Munoz Ledo] It is a working visit to various countries in Europe. I have come from London where the Labour Party had invited me and now I am in Germany invited by the Social Democratic Party. I have held meetings with parliamentarians, with leaders, and with foundations. I will leave for Brussels to attend the Socialist International meeting, the day after tomorrow.

[Reporter] Mr. Munoz Ledo, have you read the letter that...

[Munoz Ledo, interrupting] Of course. It has just been sent to me. It was mentioned to me very late last night. Well, it is the letter of a very desperate man who in addition to everything else is a great liar. He always tells a different story. Unfortunately the country knows him. He is a man who lied, deceived the people, and tries to save his skin even though he is totally cornered. These are the throes of someone who is drowning.

Independent Deputy Adolfo Aguilar Zinser spoke in an interview for Televisa-ECO on the letter sent on 3 December by former Mexican President Carlos Salinas de Gortari.

[Aguilar Zinser] It seems to me he is totally delirious when he attributes his political disgrace to a political conspiracy by former President Luis Echeverria and links it to me. This has no basis, no foundation, and does not correspond at all with reality.

According to Deputy Aguilar Zinser, former President Salinas tries, with this letter, to hinder the task of a legislative commission entrusted to investigating mishandlings in the National Company for Basic Commodities, Conasupo.

In yesterday's communique, Mr. Carlos Salinas de Gortari says that Augusto Gomez Villanueva publicly sought through a letter and a paid advertisement [desplegado] to seek support for a PRI [Institutional Revolutionary Party] candidate-hopeful, without his consent, and it was a different candidate whom the party nominated. To this, Senator Fernando Ortiz Arana, current president of the Grand Commission of the Chamber of Deputies, said:

[Ortiz Arana] There was a public paid advertisement signed by some PRI members, including Augusto Gomez Villanueva. Salinas himself points out in his letter something that is absolutely true, that I had no knowledge about this and as soon I learned about it we removed all support in favor of any person.

PRI Senator Jose Luis Soberanes, who was one of Mr. Colosio Murieta's closest assistants, said in an interview that Mr. Carlos Salinas de Gortari's letter omits several facts. Soberanes mentions one:

[Soberanes] Pedro Joaquin Coldwell, who was then PRI Social Affairs secretary general, told me he had talked with President Salinas and that he had not liked Luis Donaldo Colosio's speech.

These interviews took place during a brief session of the Senate of the Republic.

PRI Deputy Augusto Gomez Villanueva, who former President Carlos Salinas de Gortari accused of leading a destabilizing group of PRI members, replied Monday night that the group of PRI members has tried to rescue the PRI's image and that people's images must be kept separate from his party's image.

[Gomez Villanueva] It is not only myself, it is 76 deputies. It is a very respectable group of fellow PRI members, who are concerned with all the events taking place that involve the Salinas family.

He said events cannot continue to be hidden behind just a single finger and continue giving an impression of complicity. Regarding his connections with former President Echeverria, he said:

[Gomez Villanueva] This is only hypothetical and is self-defeating. Each of the persons mentioned have led totally separate lives regarding their interests or reasons for political participation. Therefore, I think it not only lacks all logic, but what is worse still, it is a complete lie. [end recording]

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More Reaction to Salinas Letter

PA0612045395 Mexico City EL FINANCIERO in Spanish 5 Dec 95 p 43

[Report by Victor Fuentes C.]

[FBIS Translated Text] The reaction to Carlos Salinas de Gortari's letter was almost unanimous: Accept his offer. Instead of throwing up smokescreens, let him come to Mexico and respond to all the charges against him.

After attempting to challenge the outpouring of accusations against him and his family, Salinas de Gortari has faced an incontrovertible fact: his credibility has hit rock bottom.

Because, if Salinas expected a reaction in his favor by reporting the existence of a plot, headed by the also former President Luis Echeverria, the reaction of businessmen, churchmen, legislators, and parties was totally the opposite after they read his charges.

Those he accused immediately replied: Echeverria, without giving too much depth to his reply, concentrated in 12 lines his rejection of Salinas' nine pages: "I do not even coordinate the activities of my sons or grandchildren," much less, he added, do I coordinate any political group.

"Crazy," "whimsical," and "unreal" were the descriptions given by Deputies Augusto Gomez Villanueva and Adolfo Aguilar Zinser to the Salinas report, which mentions them as part of the Echeverria group. For his part, PRD [Party of the Democratic Revolution] legislator Porfirio Munoz Ledo, who is also charged by Salinas, said they were "ghosts and baseless inventions."

Clarifications have continued to pour in: Fernando Ortiz Arana categorically denied that he sought the PRI's [Institutional Revolutionary Party] presidential candidacy after Luis Donaldo Colosio was murdered.

Others have been even more blunt: "Salinas lies," Senator Jose Luis Soberanes asserted, because "if there was a rift" it was between him and Colosio.

"Accept his offer," was the repeated demand in other sectors: leaders of Concamin [Confederation of Industrial Associations], Canacintra [National Association of Manufacturers], and the CCE [Business Coordinating Council] demanded, as well as the leaders of both the Catholic and evangelical churches.

While the PRI has kept an almost absolute silence, Fidel Velasquez, secretary general of the Confederation of Mexican Workers, did not miss the opportunity to expound a novel view: that Salinas and Echeverria "had stopped participating actively in the PRI when they stopped being public officials."

'Significant Drop' in Treasury Auction Reported

PA0612025195 Mexico City Radio Red Network in Spanish 0100 GMT 6 Dec 95

[Report by Antonio Guzman and Anchor Martin Espinoza; from "The Night Monitor" newscast]

[FBIS Translated Text] [Espinoza] We now have the result of the CETES' [Treasury Certificates] auction held at the Bank of Mexico. Antonio Guzman has the results. Hello, Antonio.

[Guzman] Good afternoon, good evening. A significant drop in the Treasury Certificates' yield has been reported following the auction held today, 5 December.

The 28-day CETES reported a 5.20-point drop with a yield of 48.26 percent, meaning the leading rate stands at 48.26 percent. The 91-day CETES dropped by 5.45 percent with a yield of 48.45 percent. Meanwhile, the six-month CETES dropped by 6.14 percent with a yield of 46.91 percent. It is a significant drop of over five points in today's auction.

I can tell you that the stock market closed with a drop of 0.85 percent. The leading index fell 22.82 points and now stands at 2,666.76 points.

We will see how the exchange markets behave tomorrow, especially with the drop in CETES.

[Espinoza] It is important to note, Antonio, that we are now below the 50-percent mark, the psychological barrier [barrera sicologica]. It is now below the 50-percent mark.

[Guzman] It means there is greater breathing room for all listeners with bank debts.

El Barzon Movement Demonstrates in Mexico City

PA0612035695 Mexico City Radio Red Network in Spanish 0100 GMT 6 Dec 95

[Report by Norma Vargas; from "The Night Monitor" newscast — live relay]

[FBIS Translated Text] [Vargas] Very early on 5 December, approximately 5,000 members of the Mexican El Barzon Movement arrived at various points in Mexico City's downtown area to gather in El Zocalo. At 0800, a small contingent of debtors marched from the Juarez Hemicycle to the Plaza de la Constitucion; at 1030, a large group of members of El Barzon Movement walked from the Revolution Monument to El Zocalo; a

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third group of demonstrators left at noon from the Revolution Monument to the first blocks of the Federal District. Constantly changing their routes, the demonstrators walked to the San Lazaro Legislative Palace, where deputies received a committee of El Barzon national leaders, while the majority of the 5,000 bank debtors remained outside the building. [recording of people shouting: "Long live El Barzon!" and "El Barzon! El Barzon!"]

In an interview, Javier Chavez Hernandez, El Barzon leader in Morelos, outlined some of the demands presented to the deputies during the dialogue today. Let us hear him:

[Begin Chavez recording] First, a moratorium on the payments in accordance with each one's capacity to pay the debts. We are not refusing to pay; we will, so long as conditions enable us to pay. [end recording]

[Vargas] Simultaneously, as members of El Barzon Movement were meeting with deputies, leaders of the debtors met with authorities of the Bank of Mexico and of the Finance Secretariat at the bank's headquarters located at 5 de Mayo and Main Street. Members of El Barzon Movement surrounded the area.

The march caused serious traffic jams, particularly in the central and eastern part of the city. The demonstration ended at approximately 1700. That's the report, Martin.

[Anchorman Martin Espinoza] Norma, members of this association of debtors had said that as part of their demonstration against the attitude adopted by the bankers they would bring donkeys, animals, and all sorts of farming equipment. Did this happen?

[Vargas] That is correct, Martin. Leading the first contingent, the first large contingent, there was an elephant covered with flowers, followed by some donkeys and horses.

[Espinoza] So there were even elephants at the demonstration.

[Vargas] Just one elephant, Martin.

[Espinoza] One. Thank you, Norma.

[Vargas] Good night, Martin.

Government To Establish Terms Similar to NAFTA With EU

PA0612013095 Madrid EFE in Spanish 0815 GMT 1 Dec 95

[FBIS Translated Text] Mexico City, 1 Dec (EFE) — Mexico expects that its economic relations with the EU, which will be defined next year, should be established under terms similar to those of NAFTA.

"A mechanism is required to assure the access of Mexican products into the European market and vice versa," said Jaime Zabludovsky, Mexican international trade negotiations under secretary.

The EU Council of Ministers was expected to approve the initiation of negotiations last November. However, EU sources in Mexico City told EFE that the agenda was postponed and that there would be no negotiations until next January.

Zabludovsky told local agency NOTIMEX about the need to regulate Mexican-EU relations with a mechanism that would solve problems. He suggested something similar to NAFTA, which includes Mexico, the United States, and Canada.

Zabludovsky further said that NAFTA became an "adequate" mechanism to advance trade relations and "fully exploit the vicinity" with the United States and Canada. "A free trade agreement with the EU would make a lot of sense," he added.

Both Mexico and the EU agree that both sides would greatly benefit because of economic and political reasons once the new agreement is established.

"The EU is Mexico's second trade partner and second source of foreign investment," Zabludovsky said.

In the EU's opinion, this agreement would allow Mexico to balance its international relations to compensate its intense contacts with the United States.

European Commission Vice President Manuel Marin recently told a Mexican network that "Mexico is a NAFTA country, but it needs to strategically balance its relations so as not to exclusively depend upon its mighty neighbor from the north."

"During the next few months, Mexico will receive institutional, political, economic, and financial assistance from an international treaty that has not existed thus far, an agreement that will strategically link Mexico with its European roots," Marin added.

The terms of the upcoming negotiations have not been defined yet. However, the agreement is expected to include all the economic sectors, including agriculture, which is one of the most sensitive sectors in EU countries.

Zabludovsky pointed out that Mexican and EU authorities are having talks with business organizations on each side to define the most convenient type of negotiations.

"The agreement with the EU would be a very useful tool to advance our relationship and benefit the most from it. Nevertheless, both sides should show willingness

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and in the end, this agreement should offer something acceptable to benefit those who sign it," he added.

The EU's trade balance with Mexico increased from a $2.839 billion deficit in 1985 to a $5.384 billion surplus in 1994.

Mining and manufactured products are the sectors that produce the greatest income to Mexico and the EU in their trade relationship.

PAN Bloc Issues Statement Rejecting 1996 Budget

PA0612023295 Mexico City EL FINANCIERO in Spanish 30 Nov 95 p 32

[Statement issued by the congressional bloc of the National Action Party [PAN] deputies at the Chamber of Deputies on 28 November in Mexico City]

[FBIS Translated Text] We reject the 1996 fiscal miscellany [miscelanea fiscal] because it undermines the decent existence of the Mexican people, because it is unfair and confiscatory, and because it fails to be a detonating instrument of our economy, since:

- The Federal Executive has no intention of lowering the general 15 percent value-added tax rate;

- It does not lower the tax on low incomes;

- It insists on excessive surcharges, 36 percent over the inflation rate;

- It does not eliminate the tax on assets, thereby discouraging investments;

- Revenue officials will have excessive discretionary authority;

- The income tax is not gradual for individuals or companies so that those earning less will pay less;

- There is no tax streamlining.

We reaffirm also our vote against the revenue law bill for the 1996 budget that the Chamber of Deputies debated since the policy adopted regarding revenue collection is profoundly inequitable, the controls over spending do not promote its adequate use or avoid corruption, and its final destination does not benefit the neediest.

Granted that the reforms of the different fiscal provisions contained in this miscellany contain some good intentions, they are not sufficient for a true reactivation of the economy, given the country's serious economic situation, since the gross domestic product has shrunk 6 percent, unemployment has risen by almost 8 percent, defaulted loans affect over 65 percent of the national industry, the national market has contracted, the exchange rate depends on speculation and does not allow industries with debts in dollars to make a reliable financial planning. In addition, interest rates move at the same pace of our currency's exchange rate and cause an additional financial burden to companies that have debts with banks.

The Executive while imposing on the citizen contributions that are not commensurate with his economic resources but rather confiscatory of his profits, **is putting him between a rock and a hard place, having to choose between paying his taxes or the subsistence of his family.**

The government did not listen to the demands of Mexicans who clearly were requesting a fiscal policy for the reduction of the tax burden that would stimulate employment, strengthen the income of workers and not a Mexican tax system that is unfair and confiscatory, because, among other things, the total tax payments by a worker during the fiscal year will be much greater than a minimum proportion of the profits received.

With regard to the Fiscal Coordination Law, a veritable progress toward a genuine fiscal federalism is not established, and although an increase in the general fund from 18.5 percent to 20 percent does constitute progress it is not enough for the major needs of states and municipalities. We insist that the increase for 1995 should have been 25 percent at least, as a minimum to be distributed by the General Participations Fund.

Today, the Federal Executive is forced to reconsider that it is not possible to impose a spending budget worthy of a rich nation on a poor people and that produces as a result a fiscal burden that impoverishes further those who generate the wealth of this nation.

The president of the Republic must understand that in the face of these economic problems **the sole solution is for the federal government to tighten its belt, mostly in the current account** stretching to the maximum the little money that it collects in order to do a lot with little, by setting **and implementing severe administrative and penal sanctions on employees and public officials who divert or squander the money that Mexicans pay with so much sacrifice.** All of this would help elaborate modest revenue and spending budgets.

[Dated] Mexico City, 28 November 1995.

[Signed] The congressional bloc of the National Action Party deputies at the Chamber of Deputies.

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Chamber of Deputies Passes General Import Law

PA0612035395 Mexico City LA JORNADA in Spanish 1 Dec 95 p 60

[Report by Ismael Romero and Elena Gallegos]

[FBIS Translated Text] Without a debate by the plenum, the Chamber of Deputies yesterday unanimously passed a General Import Law whereby Mexico updates its commercial standards in accordance with international agreements.

The law was approved by the vote of 363 deputies. Carlota Vargas, speaking for the Commerce Commission, said it was approved because it does not harm any Mexican person or organization engaged in international commerce and the law's text incorporates recommendations by the executive.

It was also observed that, although the law defines and redefines goods, it does not affect or modify the goods' tariffs. The law, she said, will not change the general tariff policy, which will continue to be applied as before. For this reason, any new subcategories and portions of it will be grouped under the same tariff and given the same tax exemption rate. In addition, sanitary and ecological regulations will continue to apply to plants and animals despite their new categories.

The law includes three temporary articles so the law can come into force on 1 January 1996; the 12 February 1988 law can be annulled; and the Current Explanatory Notes can apply until the new ones are published.

Political, Economic Scenarios Sketched

96CA0056A Mexico City REFORMA in Spanish 18 Nov 95 p 9A

[Commentary by Jaime Sanchez Susarrey, University of Guadalajara research professor: "Heading Toward 1997"]

[FBIS Translated Text] Politically speaking, 1995 began with the 12 February elections in Jalisco and ended with the 12 November balloting in Michoacan, Puebla, Oaxaca, Sinaloa, Tlaxcala, and the Federal District. The trends over these 10 months have not changed; they remain the same: The economic crisis has become a true accelerator of political change and has improved the chances of other parties coming to power.

The victories of PAN [National Action Party] in the main capital cities being contested, Morelia, Oaxaca, Culiacan, and Puebla, confirm what we already knew: The party is capitalizing on social discontent. But they also herald something new: This phenomenon is spreading beyond the regions in which PAN has traditionally had influence, in other words, the central and northern states of the republic. PAN's victories in Morelia and Oaxaca mark a turning point in its rise.

PRI [Institutional Revolutionary Party] has been dealt a series of defeats throughout the year. It could not have been otherwise. The economic crisis has turned out to be very costly, and the assassinations of Luis Donaldo Colosio and Jose Francisco Ruiz Massieu, besides the jailing of Raul Salinas and Mario Ruiz Massieu, have brought on a moral and political crisis that is weighing on all members of the PRI. In this context, what is surprising is not the defeats but the fact that the party is still strong in several states.

The PRD [Party of the Democratic Revolution], for its part, did fairly well on 12 November. Its best case scenario was to take the governorship of Michoacan; its worst case scenario was to be relegated to third place. Neither happened. In spite of the bitter infighting prior to Arias' campaign, neo—Cardenism managed to hold onto second place. Nevertheless, the general trend in 1995 is that the party is being confined to the status of a regional force.

Two other developments must be stressed in connection with the 12 November elections: 1) as the elections in the Federal District showed, there are no solid political processes outside the parties; and 2) we are headed toward a multiparty system with two strong parties (PRI and PAN) and one weak one (PRD). In short, the political bottom line on 1995 is very favorable to PAN, unfavorable to PRI, and so-so for the PRD. This is no accident. By reviewing the history of each of these parties, we can find the causes of the current situation.

PAN's rise is explained by medium- and long-term factors. On the one hand, PAN is the opposition party with the longest tradition and the most democratic credentials. We must not forget that it was founded in 1939 in clear opposition to the statist, authoritarian policies of the Lazaro Cardenas government. On the other, the gradualist line, which turned it into the main interlocutor of the Salinas administration, enabled it to become a true government option.

PRI has lost a great deal of ground this year, but its crisis is nothing new. It is associated with the excesses of presidentialism: Diaz Ordaz in 1968, Echeverria and the devaluation in 1976, Lopez-Portillo and the chaos of 1981-82. All of this came together and exploded on 6 July 1988. If PRI made a comeback in 1991 and 1994, it was not because of its internal reform; it was because of the success that Salinas was having up to then in running the economy and programs like Pronasol [National Solidarity Program]. The devaluation on 19 December of last year brought the party back to the 1988 scenario, however.

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The PRD is unquestionably in the midst of a rectification process. Oaxtepec was a very important step in this regard. Nonetheless, neo-Cardenism is paying the price for past excesses, and the rectification is ambiguous. Cuauhtemoc Cardenas continues to carry a great deal of weight in the party and has not stopped flirting with extremist positions. This is why the campaign for the PRD nomination in Michoacan was full of confrontations between Arias and Robles Garnica.

What does the future hold in store for us? Let us begin with the basics: The crisis has played and will continue to play, for better or worse, a central role in the pace and direction of political change. The balance of power between PRI and PAN in 1997 will depend chiefly on how the economy performs next year. So then, what are the foreseeable trends?

First scenario: The president of the republic's adjustment program is successful, and the main goals of ARE [Alliance for Economic Recovery] are achieved in 1996. The economy grows by at least three percent; the inflation rate remains below 20 percent; the dollar stabilizes at an average of 7.7 pesos, and the flow of foreign investment (direct and portfolio) resumes. In 1997, an election year, economic growth consolidates with stability.

Second scenario: The adjustment plan fails once again. The dollar does not stabilize; inflation does not relent, and the economy remains stagnant. The crisis of confidence persists, and direct foreign investment grinds to a halt. Interest rates remain above 50 percent on the average, with the resulting pressure on past due loan portfolios and even on public finances, whose liabilities in pesos rise sharply.

Third scenario: The ARE works to a degree. The inflation rate far exceeds 20 percent; growth is below three percent; the unemployment rate drops but does not return to the December level (3.2 percent), and the dollar closes above 12 pesos. In late 1996 the government announces a new plan that will consolidate the gains and again predicts a growth rate of at least three percent.

The political effects of these three scenarios are obvious. In the first, PRI would move into the 1997 elections under relatively favorable circumstances and could thus retain a relative or even an absolute majority in the Congress. In the second, we would have to assume a PAN victory; the question mark would be what party becomes the number two force: PRD and PRI? In the third scenario, PAN could win an absolute or relative majority, and PRI would become the number two force.

This exercise leads us to one conclusion: Politics in Mexico today, as Lenin at one point said it was for Russia, is condensed economics. The results of the 1997 elections will be decided throughout the coming year by the success or failure of the ARE. If the economy does not recover, needless to say, we will see an extension and consolidation of the political trends of 1995.

One final comment. Last 3 January, the government of the republic announced a growth rate of 1.5 percent, with 16 percent inflation, and a dollar at 4.5 new pesos. Two months later, on 9 March, it adjusted its predictions: A two percent contraction with 42 percent inflation, and in August Guillermo Ortiz asserted that the dollar would close the year below 6.3. The facts? The contraction will exceed seven percent; the dollar stands at over 7.7 pesos, and inflation could top 50 percent. On the basis of these data, what do you, dear readers, think the most likely economic scenario for next year is?

Roundup of Economic Developments Through 4 Dec

PA0512192195

[FBIS Editorial Report] The following is a compilation of reports on economic developments in Mexico monitored through 4 December.

Pedro Salcedo Garcia, president of the National Processing Industrialists Association, has reported that the national industry is operating at an average of 60 percent of the levels reported at the beginning of the year. He stressed that the economic decline registered by the Mexican industry will not be overcome within a short term despite the government's reactivation plans. According to indicators, this year's industrial activity shows a 30-percent drop in its operations. (Mexico City LA JORNADA in Spanish 27 Nov 95 p 49)

Jose Saltiel Serotta, president of the National Chamber of the Textile Industry, has noted that Mexico's trade deficit with other countries, the recession, and the "paralysis" of the local market have led to the "not so good conditions" prevailing in the textile industry whose participation in the GDP dropped by 5.4 percent, its growth rate is a negative 20 percent, and its ability to generate jobs dropped by 28 percent. (Mexico City EL FINANCIERO in Spanish 27 Nov 95 p 32)

The total government securities that Banco de Mexico will auction off tomorrow has been increased to 3.2 billion new pesos, that is 23.1-percent more than the previous auction. Of these resources, 600 million will be Federal Government Development Bonds. According to money market analysts, the larger supply in securities shows that after the recent stabilization of the exchange and stock markets, the investors' trust increased. In addition, Banco de Mexico announced on Friday that

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the auctions of Treasury Certificates (Cetes) will now be held under a multiple rate, instead of a single rate as it had been done over the past 19 months. (Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 27 Nov 95 p 10a)

Wendelin Wiedecking, president of the board of director of Germany's Porsche AG, has disclosed that in the next few years this company will invest between $10 million and $20 million in Mexico which will be used to expand the assembly of vehicles, purchase components from local suppliers, and develop technology together with the makers of auto parts. (Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 27 Nov 95 p 3a)

Banco de Mexico reported yesterday that "the balance of payments' current account has accrued a slight deficit of $199 million between January and September. This figure contrasts with the balance of $21.346 billion observed over the same period in 1994. It noted that during the third quarter this indicator showed a surplus of $502 million which, according to monetary authorities, represents "a very important change in the evolution of transactions abroad, because this account had shown a deficit of $7.645 billion in the third quarter last year. (Mexico City EL FINANCIERO in Spanish 28 Nov 95 p 26)

The Mexican Securities Exchange (BMV) recorded the highest trading activity in the year when its price and quote index settled at 1,724.50 points. In one of the years most unprecedented rallies, the stock market accumulated a 21.9 percent gain in just three weeks and finally reverting a negative trend that began on 8 November when the main stock indicator settled an annual loss of 6 percent, its lowest level recorded during the month of November. Most stock exchange analysts agree in that the recent announcement made on 29 November by the Finance Secretariat with respect to an approaching U.S. dollar note issue with an attractive interest rate that will be placed in the European market, was an element that sparked investors euphoria, especially foreign investors. (Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 30 Nov 95 p 15A)

In terms of economic activity and after more than 13 years of continuous decline in the allocation of investments for the technological renovation of the petrochemical industry, the refining of basic raw materials for the industrial sector has finally ceased to be strategic for the Federal Government. In turn, the sale of the country's petrochemical assets to local and foreign private investors has now became a priority for the country's public finances. In total, 61 petrochemical plants will be sold off for amounts which finance secretariat officials are cautious about which not to make any illusions. While the Federal Government cautiously estimates that it will receive nearly $2 billion in revenue for the sale of these assets, some private sector estimates contend that the revenue will be somewhat closer to $5 billion. According to Energy Secretary Ignacio Pichardo Pagaza "It would be absurd to go around handling estimates at this time since it would mean establishing floors and ceilings to the bid amounts. I reject allegations with respect to the value of the petrochemical assets." (Mexico City LA JORNADA in Spanish 29 Nov 95 pp 64, 52)

A recent report by the Banamex-Accival Financial Group explains that during the month of October, exports by the country's automotive industry increased by nearly 25 percent on account of the placing of 84,300 vehicle units in the international market. The same report stresses that increase in foreign demand during the current year prompted the automotive sector to surpass monthly production targets as opposed to last year when productivity plummeted due to the fall in domestic demand. So far, nearly 625,000 cars and light trucks have been exported, 38-percent more that during the first 10 months of the year. (Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 29 Nov 95 p 9A)

Salomon Brothers announced recently that the Mexican Government is currently assessing, together with members of the U.S. Treasury Department Mexican Task Force, the likelihood of purchasing the loan portfolio Banamex (National Bank of Mexico), Bancomer (Bank of Commerce), Banco Mexicano, and Banca Confia for $3 billion. This amount does not include the purchase of the loan portfolios owned by institutions such as Inverlat (expansion unknown), and Banco Mercantil del Norte scheduled to take place between December and March 1996. The previously mentioned amount would be added to the loan portfolio acquisitions made to Serfin, Probursa, Atlantico, Promex, Bital, BanCrecer, and BanOro by the Federal Government through the Savings Protection Bank Fund (Fobaproa), which would give a total amount of nearly $6 billion. (Mexico City EL FINANCIERO in Spanish 28 Nov 95 p 5)

Recent estimates by the Ciemex-WEFA Consulting firm shows that by the end of 1995, Mexico's total external debt will settle at $158.3 billion, which represents a 15.7-percent increase with respect to the $142.6 billion recorded last year. The increase in the country's external debt came about as result of the devaluation impact, but mostly from the greater indebtedness incurred by Mexico in its efforts to block the flight of capital and speculative attacks against the peso. (Mexico City EL FINANCIERO in Spanish 28 Nov 95 p 4)

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Tourism Secretary Silvia Hernandez has reported that during the first 10 months of the year a total of 2.624 million tourists traveled to Mexico. This represents revenues for approximately $6.4 billion, compared to 1994's $6.3 billion figure. (Mexico City LA JORNADA in Spanish 30 Nov 95 p 51, 50)

The Confederation of National Chambers of Commerce has reported that more than 20,000 businesses went bankrupt this year and it is believed that Christmas season sales will drop up to 30 percent. (Mexico City LA JORNADA in Spanish 30 Nov 95 p 51)

According to a Monterrey, Nuevo Leon, 29 November datelined item, the South African ambassador to Mexico has reported that Mexican exports to South Africa increased almost 300 percent this year in comparison with 1994, and he believes that by the end of the year these exports will reach the $15 million mark. (Mexico City NOTIMEX in Spanish 0030 GMT 30 Nov 95)

Oscar Espinosa Villareal, head of the Federal District Department, said yesterday that in Mexico City there are one million people enduring a critical employment situation because job scarcity in the capital is very serious. Open unemployment represents 7.8 percent of the people in the capital. The unemployment problem in the capital is serious, the official said. (Mexico City LA JORNADA in Spanish 30 Nov 95 p 42)

According to a Mexico City 29 November datelined item, the Mexican Government tomorrow will make a $206.895 million payment on Treasury Bonds and will have covered 97.54 percent of the bonds owed in December of last year. (Mexico City NOTIMEX in Spanish 0311 GMT 30 Nov 95)

Alfonso Carrillo Silva, vice president of National Chamber of the Construction Industry (CNIC), revealed that as a result of the country's economic crisis, the construction industry failed to generate 2.75 million jobs and its share of the Gross Domestic Product (GDP), which was 21 percent, has dropped to 5 percent. Carrillo added that currently of the 12,000 companies in the sector, 7,000 are at a complete standstill, and 600 are shut down. Seventy-five percent of the industries which service the construction sector have also been affected. (Mexico City EL FINANCIERO in Spanish 30 Nov 95 p 28)

The commercial banking system will have received $13 billion, or 5 percent of the GDP, in 1995 from different government refinancing programs and purchase of their portfolios by the federal government. The private banking sector had losses for $977.12 million new pesos (approximately $160 million) in the third quarter of 1995. Four of the system's principal banks (Banamex, Bancomer, Confia, and Banco Mexicano) intend to ask Savings Protection Banking Fund (Fobaproa) for $5 billion to balance their financial statements after being hit by an increase in their overdue loan portfolio which in now approximately 102 billion new pesos. (Mexico City LA JORNADA in Spanish 30 Nov 95 p 48)

A 29 November, Mexico City-datelined item reports that Mexican Petroleum, Pemex, has surpassed the levels of crude oil and natural gas production that existed prior to the arrival of Hurricanes Opal and Roxanne through the southern state of Campeche last October. Pemex reported that after the adversely affected installations were repaired in the area, the company was able to produce 2.76 million barrels of oil per day and 4.08 billion cubic feet of natural gas per day. (Mexico City NOTIMEX in Spanish 0135 GMT 30 Nov 95)

According to a 29 November, Mexico City-datelined report, Mexico has achieved an unprecedented growth in exports by recording a 33.5-percent increase by October 1995, Gilberto Marin, president of the National Foreign Trade Council. Marin added that the country's exports have allowed the country to attain a favorable foreign trade balance of $6.231 billion. (Mexico City NOTIMEX in Spanish 0126 GMT 30 Nov 95)

The London-based Midland Bank has approved credits for $80 million for the Ispat Metal and Steel Corporation of Mexico, Imexsa. Luis Miguel Vilatela, representative in Mexico of the Midland Bank, said the credit is for a one-year period at an interest rate of 1.5 percent over the Libor rate. (Mexico City EL FINANCIERO in Spanish 1 Dec 95 p 6)

The Mexican Securities Exchange has obtained a modest profit of 3.76 percent, the lowest since 1987, during the past 12 months. The main index has fluctuated from despair between December 1994 and February 1995 as prices plunged to a slow recovery and strong progress in July and November 1995. (Mexico City EL FINANCIERO (ANALISIS Supplement) in Spanish 1 Dec 95 p 11a)

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The Finance Secretariat has reported that the Mexican Government on 30 November sold 40 billion yens on the European market for the second time this year. The issue forms part of the federal government's 1995 financing program. (Mexico City XEW Television Network in Spanish 0400 GMT 1 Dec 95)

Javier de la Calle, general director for consumer credit of the National Bank of Mexico stated on 3 December that credit card purchases dropped 24 percent during the first 10 months of 1995, totaling $4.3 billion. This compares to $5.6 billion in charges during the same period in 1994. (Mexico City NOTIMEX in Spanish 2136 GMT 3 Dec 95)

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El Salvador

FMLN Leader: CIA Responsible for Zona Rosa Massacre

PA0412203795 San Salvador Canal Doce Television in Spanish 1830 GMT 4 Dec 95

[From the "Up-to-Date Newscast"]

[FBIS Translated Text] Shafik Handal, leader of the Farabundo Marti National Liberation Front [FMLN], does not rule out the possibility of CIA participation in the Zona Rosa massacre in 1985. According to Handal, the FMLN was not aware of the plans for the massacre and could have been part of then U.S. President Ronald Reagan's policy to justify a U.S. military intervention.

The massacre, where six Americans were shot to death, is being investigated by the United States. One of the two men in charge of the operation, a member of the Revolutionary Party of Central American Workers [PRTC] who claimed responsibility for the action, lives in the United States. The preliminary results of the investigation point to him as having involvement with CIA. Handal does not rule out the possibility that Gilberto Osorio, who is also being investigated, was a CIA instrument.

[Begin Handal recording] This person was involved, not with the FMLN, but with the FMLN's enemies, something we had already known. We did not know anything about this other link that now has been revealed. [end recording]

According to Handal, Osorio was not reliable because he was responsible for the loss of weapons that would be used in the 1989 offensive. Handal said the PRTC leadership was not aware of the massacre, but that it claimed responsibility out of solidarity with the perpetrators. Handal says the CIA probably used Osorio to justify more military intervention.

[Begin Handal recording] The PRTC did not decide that. It was decided there, in this group. Now it is being clarified that this person had plenty to do with it. This is what we have observed. (?Roca) had also been at the general command and he knew nothing. Do you understand? No one knew, not even Roca himself. This does not mean that all of the men who participated in the action were under CIA orders. [end recording]

According to the FMLN, this case must be investigated, although they are surprised that the investigation was urged by a Republican Nationalist Alliance sector. This was the ruling party at the time and was reportedly responsible for the action.

Guatemala

Security Forces Thwart Kidnapping of U.S. Citizen

PA0612000895 Panama City ACAN in Spanish 2246 GMT 5 Dec 95

[FBIS Translated Text] Guatemala City, 5 Dec (ACAN-EFE) — Civilian security forces and private citizens thwarted today the kidnapping of U.S. citizen Debora Casman, member of the UN Mission for Guatemala (Minugua).

Police sources explained that the occupants of a sports car tried to kidnap the observer at noon today in the northwestern city of Huehuetenango, where the Minugua has its offices.

Casman, age 29, was intercepted by the vehicle, but the prompt intervention of the police and other persons who were nearby foiled the kidnapping attempt, according to the authorities.

The security forces chased the vehicle and were able to arrest one of the alleged criminals, identified as Salvador Mendoza Hernandez, age 48, the source added.

The body of former Mexican diplomat, Lucina Cardenas, age 50, was found last Saturday. Cardenas had been kidnapped five days earlier by unidentified individuals in the western department of Quetzaltenango.

Mexican Woman Diplomat Kidnapped, Tortured, Killed

PA0512174295 Panama City ACAN in Spanish 1540 GMT 3 Dec 95

[FBIS Translated Text] Guatemala City, 3 Dec (ACAN-EFE) — The body of Lucinda Cardenas Ramirez, a Mexican woman who worked for the United Nation's office in Guatemala, was found by the authorities five days after being kidnapped by unidentified persons in western Guatemala.

Official sources said on 3 December that the body of the 50-year-old diplomat had three gunshot wounds and showed signs of torture.

The body was found on a dirt road in San Martin Sacatepequez in the western Department of Quetzaltenango.

According to the National Police, the diplomat's body had been partly interred, covered by branches, and the bullet wounds were to the lungs.

She also had a fractured neck, lacerations on her nose, and her right thumb had no skin.

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Cardenas had been kidnapped on 4 December near Palestina de Los Altos, in Quetzaltenango, while returning from Mexico by car. She was riding with an unidentified Guatemalan citizen who filed the report with the authorities.

The Mexican had worked up to 31 October for a UN-sponsored Dutch-Guatemalan cooperation program.

Mexican Consul Alfonso Olaseaoga regretted Cardena's murder and said that the Guatemalan authorities must carry out an in-depth investigation to clear the case and punish those responsible.

In another turn of events, 38-year old Martha Karla Spiegeler, daughter of former Guatemalan Defense Minister General Otto Spiegeler (1974-78) was murdered by unidentified persons who kidnapped her on 30 November.

The body was found in a neighborhood south of the capital and robbery is presumed to be the motive.

President Discusses Increase in Violence

PA0512133495 Guatemala City Televisiete Television in Spanish 1900 GMT 4 Dec 95

[From "Channel Seven News"]

[FBIS Translated Text] President Ramiro de Leon Carpio, after admitting that violence has increased in the country, said it is not the responsibility of the authorities.

[Begin recording] [De Leon Carpio] We are concerned because we have clues that the violence is being provoked. This concerns us a great deal. We are conducting investigations because even though it is true that incidents of violence have taken place in Guatemala and there have been moments in which the violence has increased, we have certain clues about these incidents of violence. We are greatly concerned about this and we are going to put it under control at any cost. We are going to disclose the results of the investigations and we are going to act with the law in our hands if there are people directly responsible in this.

[Unidentified reporter] [Words indistinct]

[De Leon Carpio] We do not know exactly but we have clues that there are people who want to sow unrest. It is clear and obvious. What is going on and the way in which certain incidents are taking place is not normal. The promoters of the violence are logically achieving their objectives. They are causing unrest and a great uncertainty among the population and citizens.

[Reporter] [Words indistinct]

[De Leon Carpio] I cannot say that, but undoubtedly when these types of actions take place, there are generally political reasons behind them and this, unfortunately, is not the first time it has happened in Guatemala. I am not saying electoral, political reasons have been identified but we are concerned about the way certain incidents have taken place. We are investigating some of these incidents and we have clues. These will probably lead us to certain conclusions, which we are going to disclose. [end recording]

Nicaragua

Article: U.S. Envoy Meddling in Internal Affairs

PA0512235795 Managua BARRICADA in Spanish 4 Dec 95 p 8

[From the "On Target" column: "Who Has Appointed Mr. Maisto as Judge?"]

[FBIS Translated Text] The statements U.S. Ambassador to Nicaragua John Maisto made regarding the upcoming elections could be described as meddling into Nicaragua's internal affairs.

The tone of his statements reminded us of Philander C. Knox, author of the "Knox Note" that overthrew Jose Santos Zelaya's government in 1909. Mr. Maisto has said his country will respect the results of the 1996 elections... "*provided that the elections are honest.*"

So as not to leave any doubts regarding the meddling nature of his statements, he added that U.S.-Nicaraguan relations will be absolutely normal "*provided that the new government has a democratic inclination and not a totalitarian one.*" Would it be right for us to say that we will give recognition to the upcoming U.S. Government *provided that...*?

This kind of attitude has caused damage to U.S. relations with third-world countries, particularly with Latin American countries.

For entire decades, the United States has sponsored in Latin America military coups d'etat, prolonged tyrannies, *death squads*, rebellions against legally established governments, and many other attacks that have nothing to do with democracy.

Hence, what moral authority does the United States have to set itself up as judge to certify the honesty of the elections which only and exclusively concern the Nicaraguan people? How can we reconcile the U.S. alleged democratic inclination with its history of support to military regimes? Who does not trust the honesty of the Supreme Electoral Council, headed by the honorable Dr. Mariano Fiallos Oyanguren?

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For all of the aforementioned and because of what would take us many columns to enumerate, we can see that Mr. Maisto's statements attempt to have an influence already in the elections process and its final results.

At this point in time, we should recall what has happened during previous elections when U.S. ranking officials made statements which were published in our country with great interest by rightist political parties and which hinted that in case the Sandinist National Liberation Front won the elections, there would be no end to a war — a war which the United States itself had organized and financed — and economic difficulties would continue as well as many other hardships resulting from the so-called *low-intensity conflict.*

Thus, thousands of Nicaraguans voted in fact with a gun near their heads in favor of the UNO's [National Opposition Union] victory.

The upcoming elections and their results only concern the Nicaraguan people. Therefore, we reject Mr. Maisto's meddling statements. Moreover, Maisto should stick to what he himself admitted on his statements regarding the end of the *Cold War.*

Honduran General Linked To Smuggling of Aliens

PA0512123795 Managua EL NUEVO DIARIO in Spanish 29 Nov 95 pp 1, 3

[Report by Vladimir Lopez]

[FBIS Translated Text] In an incredible action, Division General Luis Discua Elvir, chief of the Honduran Armed Forces, pressured the Nicaraguan Government to dismiss Commander Ana Isabel Morales Mazun, deputy director general of the Immigration and Aliens Directorate.

Discua went as far as verbally asking for the head of Commander Morales, but he did not achieve his objective. Discua has been linked in his country to the smuggling of persons and participation in the creation of the elite Battalion 3-16, which later turned into a "death squad."

Unfortunately, the Nicaraguan Government Minister Sergio Narvaez, Deputy Government Minister Frank Cesar, and high-ranking Foreign Ministry officials were intimidated by the Honduran military officer and began a sort of witch-hunt against Commander Morales to please Discua.

EL NUEVO DIARIO has learned that Commander Ana Isabel Morales Mazun faced those pressures with strength, courage, and integrity, qualities found among very few officials. The pressures were not even able to make her "retract" information published by this newspaper about the smuggling of persons.

It Was First Learned Abroad

For several weeks, the Honduran general's absurd intention was kept absolutely secret. We learned about the matter from a colleague who traveled abroad.

Some days before that colleague returned to our country, this writer was discreetly questioned by a Government Ministry official who was very interested in learning the source of the information.

"We want to know where you got that information about Gen. Discua," we were asked. Of course, we did not reveal our source and the official did not say anything else either.

The Origin of the Meddling

On 28 October, EL NUEVO DIARIO published a four-column report on the front-page headlined "Millions From Smuggling Undocumented Aliens," revealing details of the entire international network that obtains huge profits from thousands of persons who dream of reaching the United States.

Most of the report was based on documents provided by the Immigration and Aliens Directorate, specifically by Commander Morales.

However, the report included three paragraphs that were taken from other sources. They stated: "Gen. Discua, chief of the Armed Forces, is mentioned in Honduras as one of the main smugglers of illegal aliens.

"Curiously, one of Gen. Discua's children was involved in the smuggling of 10 Chinese illegal aliens in Nicaragua last year.

"On that occasion, the Nicaraguan immigration authorities decided to return the Asians, an action which prompted the son of Gen. Discua to make a big scene at Sandino Airport."

The General's Reaction

As a result of those three paragraphs, Gen. Discua sent a strongly worded letter from his headquarters in Comayaguela to Government Minister Sergio Narvez. EL NUEVO DIARIO has obtained access to the letter.

In the key section of the letter, the general stated regarding the aforementioned report on the undocumented aliens: "Commander Ana Isabel Morales, the deputy director of Immigration and Aliens, in a report by

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Vladimir Lopez recklessly accuses me of being mentioned in Honduras "as one of the main smugglers of illegal aliens".

"It is also stated that one of my children was involved in the smuggling of 10 Chinese illegal aliens in Nicaragua last year and that when the operation could not be carried out, Gen. Discua's son made a big scene at Sandino Airport," the letter added.

Gen. Discua denied any links with the smuggling of illegal aliens and stated that none of his children have ever been in Nicaragua.

In the letter, Gen. Discua asked through Minister Narvaez that Commander Ana Isabel Morales "provide proof of the charge or publicly and on the same newspaper issue the appropriate clarification to clear my name and those of my children."

The General Is a Liar

It must be noted that Gen. Discua's accusation against Commander Morales is groundless because the information was obtained from sources other than the deputy director of Immigration and Aliens.

Discua is also barefacedly lying when he said that none of his children have ever been in Nicaragua when in fact one of his children made a big scene at Sandino Airport on 10 September 1993.

At 1920 on that day, SAHSA [Honduran Air Services, Inc.] flight 651 arrived in Managua from Honduras. Ten PRC citizens tried to enter the country in transit while accompanied by Luis Alonso Discua, son of Gen. Luis Alonso Discua.

The Chinese were using Honduran passports but Nicaraguan officials Lieutenant Catalino Munoz and Captain Francisco Alonso did not permit them entry because they did not fulfill the immigration requirements and they were placed back on the same flight headed to San Jose, Costa Rica.

As a result of the officials' decision, Gen. Discua's son insulted and reviled the immigration officials.

There is a record of the big uproar in the logs of the airport, the Immigration and Aliens Directorate, and even those of the SAHSA airline officials.

So, what is the story General?

Telecom Workers Reach Agreement, End Strike

PA0612025795 Managua BARRICADA in Spanish 4 Dec 95 pp 1,8

[Report by Zenelya Zamora Jiron]

[FBIS Translated Text] Telcor [Nicaraguan Telecommunications and Postal Services Institute] and Enel [Nicaraguan Electricity Enterprise] workers ended their strike yesterday after serious talks were held between the parties in conflict. Despite strong opposition from Enel Director Emilio Rappaccioli, almost all of the workers' labor demands were accepted.

The end of the strike was expected yesterday when agreements that will benefit Telcor workers were reached. Nevertheless, the end of the strike was reportedly conditioned on the results of the talks between the Federation of Energy Workers' Unions (Festen) and Rappaccioli.

However, by 2100, a positive solution for Enel workers was reached, among other things the signing of the Collective Contract, and the strikers decided to comply with their part and put an end to the strike.

According to Abilio Reyes, organization secretary of the Enrique Schmidt Union, by 2000 Telcor workers had reached positive accords with Telcor Director Rolando Rivas; however, in solidarity with their fellow Enel workers they continued to support the strike until an agreement was reached with that institution.

Reyes said the negotiations held yesterday with Rivas were satisfactory. Telcor authorities pledged to lift charges against union leaders like Mario Malespin and another leader from Matagalpa.

Some of the accords reached were: the signing of the Collective Contract; the inclusion of more than 70 contract workers into the permanent payroll; and those whose benefits were canceled due to the strike will receive them in January. Furthermore, Rivas promised Telcor workers there will be no reprisals. Therefore, no reshuffle, transfers, or dismissals will take place, and the money charged as fines will be returned to the workers.

Reyes added that Festen retained the right to continue protesting Telcor's privatization by the means which it believes appropriate in accordance with the laws of the country, "although our position is that privatization should not take place."

Reyes reiterated the union's support of the referendum promoted by the National Sovereignty Defense Committee [Comite de Defensa de la Soberania Nacional], which will be presented before the court of appeals, arguing Telcor's privatization is unconstitutional.

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Reyes added that in the upcoming days a tripartite commission will be formed in order to guarantee and maintain financial sources for the Nicaraguan Postal Services.

National Project Party Notes 'Rift' Among Ranks

PA0512235595 Managua LA PRENSA in Spanish 30 Nov 95 p 3

[FBIS Translated Text] The recently formed political party "National Project [Pronal]," which former Presidency Minister Antonio Lacayo organized, today admitted that there is a rift among its ranks. Pronal also pointed out that the party's membership is on a voluntary basis and that each member can withdraw from it according to what is convenient to him.

A communique issued by the party admitted that a group of members met on 28 November in order to analyze the situation of "Pronal" and decided to form their own political party. It is not known if it will have the same name.

The nonconformists are headed by members of the Social Democratic Party, the Social Christian Party, and the Nicaraguan Democratic Movement [MDN], as well as by union leaders. They accused Lacayo of personalizing the party too much and of turning his back on them after they taught him how to take the first steps in politics.

"Lacayo and his party are immersed in a crisis, because he is determined to form a party of ministers and bureaucrats," a political commentator affirmed.

Another communique issued by Lacayo's party reported that the former minister has travelled to Mexico City to hold a personal meeting with Mexican President Ernesto Zedillo and Institutional Revolutionary Party [PRI] President Santiago Onate, who, according to the document, "has voiced interest in economically helping Pronal's political campaign," because it is a party similar to the PRI.

A notable withdrawal from the ranks of "Pronal" is that of former Health Minister Martha Palacio, who wanted to run for the post of Managua mayor in the 1996 elections under the Pronal ballot.

Lacayo suddenly chose Carlos Garcia Solorzano, current Nicaraguan Institute of Sports director, to run for the mayoral post. The MDN Party immediately chose Palacio as its mayoral candidate.

"Pronal," which is headed by Lacayo, the communique went on, is preparing itself to strike alliances "within the discrepant sector," which could mean that Lacayo is willing to join one or two branches of the Sandinist movement, which currently oppose one another and which are headed by Daniel Ortega and Sergio Ramirez.

Lacayo registered "Pronal," followed by his wife, Cristiana Chamorro de Lacayo; his personal secretary, Luz Marina Smith; and government officials Fernando Guzman, Francisco Rosales, Frank Cesar, Joaquin Lovo, Jose Matus, Mabel Corea, and Juan Bautista Sacasa. They all hold ministerial or ad-hoc posts in the government of Violeta de Chamorro, who is Lacayo's mother-in-law.

Panama

Peruvian Police Arrest Panamanian Linked to MRTA

PA0612030495 Panama City EL PANAMA AMERICA in Spanish 5 Dec 95 p 1A

[FBIS Translated Text] Tupac Amaru Revolutionary Movement (MRTA) chieftains operate in Panama, where they have several bank accounts to deposit the millions of dollars collected to further their attacks in Peru.

Panama's connection with the MRTA was established after the Peruvian police arrested Pedro Abdiel Castrellon Santamaria, a former student of architecture and an active MRTA member. Castrellon is also known as Pacifico Copilla Santamaria or Pacifico Castrejon Santamaria.

Castrellon, who is 48 years old, and his wife, U.S. citizen Jori Helene Berenson, were the ones who negotiated in February, with the also Panamanian, Gaspar Lopez, the shipment of weapons that exploded in the port of Cristobal and killed two people and injured 30, the Peruvian press has reported.

Castrellon who President Alberto Fujimori charged of preparing the map that the MRTA was to use to assault the Peruvian Congress, was a member of the Union of Architecture Students of the University of Panama.

Castrellon, who was born in Chiriqui, is also an artist (painter) and a member of a professional association that was recently recognized as a legal entity by the Government Ministry recently.

As a result of Castrellon's arrest, Panamanian authorities have started to investigate political groups in the university and other organizations.

In addition, the Peruvian police seized confidential documents that reveal that several MRTA chieftains had taken refuge in Panama, including, the group's chief, Nestor Fortunato Cerpa Cartollini, and the number two man in the movement, Miguel Rincon. The latter was

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arrested together with Castrellon but was in Panamanian territory when Fujimori visited Panama to attend President Ernesto Perez Balladares' inaugural ceremony.

Cerpa Cartollini has several banking accounts in Panama, where he keeps the money collected to carry out attacks. The documents seized indicate that the MRTA received "unusual international donations."

The MRTA also negotiated the purchase of weapons from the Salvadoran Farabundo Marti National Liberation Front in Panama. Two shipments of weapons had already been sent to Peru before the shipment that exploded in Cristobal in February.

The weapons to be shipped were hidden in the drum of a roller. At the time, Panamanian authorities investigated Gaspar Lopez, Efrain Rivera Gonzalez, and Jose Francisco Larrea in this gunrunning case.

The Colon Prosecutor's Office recommended on 30 November, that Lopez be excluded from the Cristobal explosion case.

The details of the Panamanian connection with the MRTA were revealed when the Panamanian and Peruvian Foreign Ministries were studying a possible visit of President Fujimori to Panama City.

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Argentina

Commentary Views Government Crisis

96SM0019A Buenos Aires LA PRENSA in Spanish 12 Nov 95 p 13

[Commentary by Sergio Crivelli: "Tequila II"]

[FBIS Translated Text] Last March, after the first Mexican devaluation, the administration felt the earth quaking under its feet, forgot about its internal feuds, and lined up behind Domingo Cavallo. Congress passed laws that the minister saw as fundamental, such as the social security solidarity law, and it behaved well in the face of the possibility that the convertibility plan could collapse.

On 14 May, however, Carlos Menem was literally approved by plebiscite and started breathing easier, while party infighting resumed in earnest. The president and the minister began an escalating confrontation between August and October that coincided with the deterioration of economic variables, basically, a severe recession combined with extremely high unemployment and budget shortfalls.

As a result of this state of affairs the political situation reverted to the way it was in March. A ceasefire order has been given in the Casa Rosada, and if some people are still fighting, it is because the order has not yet reached their combat posts.

There are at least three major differences between the March truce and the current attempt at a ceasefire, however. First, the cause of the current crisis is not strictly financial, nor can it be sought outside the country, in other words, the most recent devaluation of the Mexican peso. The crisis is local.

According to reliable private estimates, Argentina's GDP [gross domestic product] will shrink one percent in 1995, whereas Brazil's will be up more than five percent, Chile's seven percent, and Peru's 7.5 percent. Conclusion: the "tequila effect" was not the same for all, as the Finance Ministry would have it.

Second, not only was the Economy Ministry's diagnosis wrong; its prognosis was too. It announced that the crisis would be resolved by the third quarter of 1995, but the talk now is of the third quarter of 1996. On top of this miscalculation, intense concern has also been caused among businessmen and society at large. Today less than 30 percent of the people have a positive opinion of the administration.

The third and last difference between the March crisis and the current one is the deterioration of the relationship between Menem and Cavallo. The minister's denunciation of corruption and the rough times that the president had on his trip to the United States seem to have had irreversible effects.

The chief of state has told people in private that he is tired of his confrontation with the minister. Not mincing words, he has also complained that the people who are urging him to replace Cavallo are telling him what to do but not how.

The only replacement that the anti-Cavallo forces keep mumbling about is Roberto Alemann. They even enticed him with the Foreign Ministry to get him into the cabinet, but the two-time minister declined the offer, it was learned, because he was not confident about the internal cohesion of the Menem faction's political wing. Ergo, the anti-Cavallo guard had to step aside, and the chief of the cabinet, Eduardo Bauza, came forward with his proposal of the second armistice.

How long will it last? If the confrontation remains at the level that it reached in the August-October quarter, their relationship will last no longer than a midsummer night's dream. If the tense calm of the first 10 days of November prevails between the two factions, the summer may not see further crescendos of uncertainty that would alarm the establishment. What seems highly unlikely today, however, is a forced coexistence of two long years.

There is also one fact that neither the anti-Cavallo forces nor the chief of state himself seem to have grasped: the Argentine economy is financially very vulnerable and, in turn, strongly linked to that of the region.

Therefore, the uncertainty cannot continue indefinitely without disrupting these interconnected economies. Hence, if the president does not make a decision about his minister, someone will make it for him and it will be very difficult afterwards to say no.

Provincial Debt Data Published

96SM0019B Buenos Aires CLARIN in Spanish 16 Nov 95 p 26

[Article by Miguel Angel Rouco: "Finance Secretariat Report: 'Provinces Owe $12.5 Billion'"]

[FBIS Translated Text] The provincial debt easily surpasses $12.5 billion, according to the Finance Secretariat itself. Most is owed to the financial system, and the total is not insignificant, representing almost one-third of all deposits. The situation varies from province to province, but the Economy Ministry is alarmed because it measured the debt as a proportion of the revenues that the provinces would be taking in and thus realized how vulnerable many treasuries are. Here is what the report says about the principal cases:

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- Buenos Aires: It does not show signs of weakness because it holds almost no short-term debt. Its main creditor is the Banco Provincia, with 84 percent of the total.
- Federal Capital: Its debt equals its revenues. It is medium- and long-term debt to suppliers and contractors.
- Catamarca: This is one of the most complicated cases. The debt represents 80 percent of total 1995 revenues. The province has been financing itself through delays in paying out salaries.
- Cordoba: 49 percent of its revenue-sharing funds have been withheld to pay its debt to private banks. It is resorting to revenue-sharing advances.
- Corrientes: It is resorting to revenue-sharing advances to pay salaries. Its debt represents almost 90 percent of its annual revenues and is owed to the Central Bank (16-year term) and to the Banco Galicia.
- Chaco: Its debt stands at 80 percent of this year's revenues. Three-fourths of these liabilities consist of money owed to retirees and of government bonds. Eighteen percent of its shared revenues are being withheld to cover debts to private banks.
- Formosa: 67.4 percent of its shared revenues have been obligated to pay debts owed to private banks. Its total liabilities stand at 73 percent of its revenues.
- La Rioja: There are withholdings on its shared revenues to pay debts to private banks. It continues to receive advances on taxes and contributions from the National Treasury. Its debt exceeds its revenues by 10 percent.
- Rio Negro: Its revenue-sharing funds have been obligated up to October. It is the only province that has received advances from the Trust Fund. Its liabilities stand at 365 million pesos, 61 percent of its revenues.
- Salta: Revenue-sharing funds have been obligated to pay debts to private banks and represent nine percent of total revenues.
- San Juan: It owes money to suppliers, and its public enterprises are running heavily in red ink.
- Santa Fe: The bank's situation is dragging down the province's treasury. Its liabilities are with the nonfinancial sector and stand at 19 percent of revenues.
- Santiago del Estero: It has heavy obligations to private banks and owes BOTE [local market bonds] to the national government. The province must also shore up the critical situation in the provincial bank.
- Tucuman: Revenue-sharing funds are being withheld to cover debts to private banks. It has to pay off BOTE to the federal government. Its debts stand at 62 percent of its revenues.

The Public Debt of the Provinces, as of 30 September 1995 (millions of pesos)

Province	Amount
Jujuy	224.2
Tucuman	499.7
Catamarca	306.7
La Rioja	597.5
Santiago del Estero	169.7
San Juan	281.1
San Luis	No data
Mendoza	293.6
La Pampa	No data
Neuquen	58.2
Rio Negro	364.7
Chubut	101.3
Santa Cruz	77.1
Tierra del Fuego	24.0
Salta	281.6
Formosa	365.4
Chaco	539.9
Misiones	254.7
Corrientes	532.9
Entre Rios	414.3
Santa Fe	397.0
Cordoba	1,000
Federal Capital	2,848.9
Buenos Aires	2,929.7
Total debt	12,562.2

Buenos Aires, Cordoba, and the Federal Capital account for 54 percent of the total debt (Buenos Aires, 23.3 percent; Cordoba, eight percent, and the Federal Capital, 22.7 percent)

Source: CLARIN, using data from the Finance Secretariat

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Brazil

Further Reports on Sivam Amazon Surveillance Project

Senator: Prices 'Manipulated'

PY0612024795 Sao Paulo AGENCIA ESTADO in Portuguese 2142 GMT 5 Dec 95

[Report by Rosa Costa]

[FBIS Translated Text] Brasilia, 5 Dec (AE) — Senator Gilberto Miranda (PMDB-AM) [Brazilian Democratic Movement Party-Amazonas] today presented copies of documents which, in his opinion, confirm that he himself, as rapporteur of the project; the Senate; and the Presidency of the Republic were deceived during the negotiations with the U.S. company Raytheon for the supplying of equipment for the Amazon Region Surveillance System (Sivam). He again accused Raytheon and the Aeronautics Ministry Sivam Coordinating Commission (CCSivam) of having manipulated the prices of the Westinghouse transportable radars that were initially chosen for the system but subsequently changed for those manufactured by Martin Marietta, whose prices were higher.

The senator showed the copy of a letter (dated 23 August 1994) in which Raytheon Subcontract Manager Dennis M. Deneen informs Martin Marietta that "all the supply contracts should be negotiated directly with Raytheon and not with the Brazilian Government or with any CCSivam agency." "This means that the company took control of everything," Miranda said. "I think it is strange to create a commission with a certain purpose and then let it delegate its rights to a U.S. company."

According to Miranda, the documents he received on the evening of 4 December prove Westinghouse would have charged the Brazilian Government $86.7 million for the radars. Westinghouse was then chosen to supply the radars, according to a letter signed by Dailson Mendes de Oliveira, from the Strategic Affairs Secretariat (SAE). Westinghouse was later disqualified, and a Raytheon report sent to the Presidency of the Republic showed that Westinghouse's price was $165.2 million. The company that was chosen to replace Westinghouse, Martin Marietta, would charge $116.2 million for the radars. According to Gilberto Miranda, Martin Marietta has no experience in this field.

He announced that the Westinghouse managers are at the disposal of the Brazilian Government and Congress to prove these facts. Miranda showed shorthand notes of the testimony given by the aeronautics minister in the Senate on 6 December 1994, just before the Senate session authorizing the contracting of the $1.4 billion loan for the Sivam project was held. On that occasion, the aeronautics minister said that the Westinghouse radars were chosen "because they are better and cheaper."

Senator: 'Final Word' by President

PY0512135895 Brasilia Radio Nacional da Amazonia Network in Portuguese 0900 GMT 5 Dec 95

[FBIS Translated Text] Senate President Jose Sarney stated today in Sao Paulo that President Fernando Henrique Cardoso will have the final word on the Sivam [Amazon Region Surveillance System] project.

Sarney said there are many groups in Congress that are either in favor of or against canceling the contract signed by the Brazilian Government with the U.S. company Raytheon. Yet, Sarney said, it is the president of the Republic who is in the best position to evaluate the case. Sarney believes the Senate super committee on Sivam will not play a decisive role regarding the Sivam project.

Senator Antonio Carlos Magalhaes, chairman of the super committee on Sivam, said in Sao Paulo that if irregularities are confirmed in the Sivam contract, the Senate will request that the project be canceled. Sen. Magalhaes said the opposition is using the Sivam case to jeopardize the Senate vote on constitutional reforms.

The debate over the Sivam project is delaying the approval of the constitutional reform bills in Congress. The bill extending the Fiscal Stabilization Fund [FEF] is now at the Senate Constitution and Justice Committee. Government leader Elcio Alvares recognized that he did not have time to coordinate the debate on the FEF bill because the Senate has been busy investigating the Sivam case. Not even a rapporteur has thus far been appointed for the FEF bill.

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Two committees will also have to decide when the patent bill will be voted on; that is, the Economic Affairs Committee and the Constitution and Justice Committee. Because the Senate introduced changes into the bill approved by the Chamber of Deputies, the patent bill will have to go back to the Chamber of Deputies upon the Senate approval.

Furthermore, the Senate super committee will today resume its scheduled hearings concerning the Sivam case: Admiral Mario Cesar Flores, former strategic affairs secretary, will be the first to testify today.

In the Chamber of Deputies, the Supervision and Oversight Committee and the National Defense Committee will hear testimonies by Federal Police Director Vicente Chelotti and by Mario Jose Oliveira, the officer who wiretapped the telephone of former Planalto protocol chief Julio Cesar Gomes.

The committee in charge of studying the social security reform will discuss and vote today on the recommendations made by rapporteur Euler Ribeiro, and the committee on the administrative reform will study the proposal of rapporteur Moreira Franco.

Technological Challenges Noted

PY0412150295 Sao Paulo FOLHA DE SAO PAULO in Portuguese 27 Nov 95 Section 1 p 6

[Article by Ricardo Bonulame Neto]

[FBIS Translated Text] A "system" to watch 5.2 million square km, or 61 percent of the world's fifth largest country, reflects the megalomania that surrounds a project that will attempt to watch everything. It may be technically impossible to do all that.

Sivam [Amazon Region Surveillance System] does not yet have all the answers.

There are doubts as to its ability to track what is happening in the Brazilian Amazon region. But there are no doubts as to the inability of government organs to take efficient action — even though they can produce perfect information.

It is impossible to describe Sivam in just a few words. It is not merely a series of radars or even a set of sensors, or a simple — and today highly necessary — air control system for the Amazon.

Sivam is the main tool of another project, the Sipam [Amazon Region Protection System]. The two are a government reaction to national and world concern over one of the planet's most important regions.

The government recognizes that the region houses "more than 30 percent of the earth biodiversity" (which is speculation because there are no accurate measurements of biological biodiversity), along with an economic potential in "minerals, wood, flora, and farming" etc. To watch the Amazon region, Sivam seeks to gather information, transmit it and process it.

The idea is to monitor practically everything important — environment, farming, mining, invasion of Indian lands, etc. — to and to analyze relations between dissimilar factors like river pollution, invasion of airspace, or the elimination of forests in an area.

The ambitious Sivam is a classical case of what Israeli political scientist Gerald Steinberg called "technological enthusiasm."

He said: "The growing number of large-scale projects based on technology emphasizes an ideological and mythological approach to science and technology. This is a 'technological enthusiasm' which distorts the rational decisionmaking process."

In Sao Paulo, some 110 researchers are linked with the Sivam Coordinating Commission. There is a similar number in Rio de Janeiro. They must find a way to integrate the data obtained by various sensors — like ground or airborne radars, meteorological data gathering platforms, and sensoring satellites.

The data can be obtained in images, figures, or text via various types of software. At a more modest level, Embrapa [Brazilian Agriculture and Livestock Research Enterprise] researcher Fuad Gattaz Sobrinho wants to integrate program and data for a study on "nutrition security" (starvation).

In Sao Paulo last week, Gattaz attended the national public informatics congress, during which Sivam engineers introduced the program.

He tried to learn about the solutions his colleagues had for much more complex problems. He was not trying to attack the project, because he was willing to cooperate. Yet he was disappointed.

Sivam people are still testing things. If approved by Congress, there will be seven years to meet this technological challenge.

If it does not work, Sivam will become just another of the failures mentioned by Steinberg — the U.S. "Stars War" antimissile program, the English-French Concorde supersonic passenger, and the Brazil-Germany nuclear program.

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HOW SIVAM WILL GATHER INFORMATION

Components	Satellites/ equipment	Deployment Place
Satellite Sensoring	Tiros, a U.S. meteorological satellite	CRV (Regional Watching Center) Manaus
	GOES, a U.S. satellite	CRV Manaus
	Meteosat, a European satellite	CRV Belem
	Data Gathering Satellite I, Brazilian-made	CRV Porto Velho
	Landsat, a U.S. satellite; Spot, a European satellite; CBERS [China-Brazil Earth Satellite], a Chinese-Brazilian satellite; ERS-I, a European satellite	INPE (National Institute of Space Research)
Air Sensoring	Synthetic Opening Radar (high precision); Infrared and optical sensor; Recorder	three EMB-120SR planes
Meteorological station network	Meteorological radar	10 meteorological radars
	Altitude stations (temperature, wind, atmospheric pressure, pluviometry, sun radiation)	13 altitude stations deployed in CRV areas
Data-gathering platform network	hydrometeorology sensors (river-level measurement, pluviometry, conductivity, pH, sediment measurement)	200 units deployed in CRV areas in Manaus, Belem, and Porto Velho
general information	Voice transmission; Data transmission	consumers

President To Visit PRC, Discuss Joint Venture

PY0512142695 Sao Paulo GAZETA MERCANTIL in Portuguese 27 Nov 95 p A5

[Article by Maria Helena Tachinardi]

[FBIS Translated Text] Brazil and the PRC are planning to create a binational enterprise to sell services obtained with the two remote sensing satellites which the two countries began constructing in 1988 under a joint venture [preceding two words in English] regime. The first satellite will begin to be assembled in the PRC in July 1996 and will be launched in October 1998 from the Shanxi base. The areas of environment, agriculture, oceanography, and geology will use these two satellites' services.

Among the main topics President Fernando Henrique Cardoso will discuss during his one-week official visit to the PRC, which will begin in Beijing, are strategic partnership with the PRC in the field of space and the establishment of the aforementioned binational enterprise. In addition to the PRC, Cardoso will visit Shanghai, where he will open a Brazilian industrial fair. President Cardoso will also visit Malaysia to close a seminar similar to the one that will be held in the PRC. In this seminar, Dorothea Werneck — minister of industry, commerce, and tourism — will talk about opportunities for investment and joint ventures [preceding two words in English] in Brazil.

During his visit to Asia, which will include a short visit to Macau, and for the first time since his installation as president, Cardoso will be accompanied by a mission of important representatives of the Brazilian private area entrepreneurs, including presidents of important enterprises and entities.

In the PRC, President Cardoso will sign a memorandum of understanding for the transfer of electricity-area technology. The Chinese will supply technology for the construction of small hydroelectric plants — which Furnas Electric Power Plants, Inc. believes to be interesting for the Amazon Region — and Brazil will ensure know-how [preceding word in English] for the construction of large dams, such as Itaipu.

The Brazilian Government has proposed to its PRC counterpart to expand the satellite-construction program in order to include two other satellites of the same size (1,400 kg), but more sophisticated. According to Marcio Nogueira Barbosa, director of the National Institute of Space Research (INPE), the two satellites will compete with those that are already on the market (the U.S. Land Sat and the French Spot), thus allowing Brazil to become self-sufficient, no longer having to pay for the services currently being supplied by those enterprises. Brazil is the third country in the world to use these types of images.

After suffering the consequences of a lack Brazilian resources, the satellite program has been resumed beginning 1993, when resources resulting from privatizations were injected in the program. While Itamar Franco was in office, 20 percent of these resources were destined,

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in cash, to the science and technology area. The Science and Technology Ministry received $100 million, $20 million of which were allocated to the satellites program. In October, a special 30 million reals credit was allocated to the program.

The space joint venture [preceding two words in English] contemplates that Brazil will have to contribute with 30 percent of the expenses, thus having to disburse between $50 million and $60 million to finance the program. The Brazilian industry is manufacturing components for the satellites, including one of the photography cameras. Barbosa said: "Part of the structure for the satellite's body is being manufactured in Brazil."

The second satellite will also have to be ready in October 1997 because in case there is any failure in the first one, the second will be used to replace it, the INPE director explained. The launching of the second satellite is scheduled for 1999.

In September, the INPE director travelled to the PRC with Science and Technology Ministry instructions to negotiate the expansion of the program and the construction of satellites III and IV. These will be more modern and sophisticated because in the year 2001 "the technology will be more advanced and what is done today with images will be replaced by other techniques."

"This is the first time two developing countries successfully become partners in a technological project," Barbosa pointed out. About the sale of image services, Barbosa said that the main clients will be enterprises of the areas of agriculture, mining, and planning in general. "From now on, instead of using airplanes, even urban planning will be done through satellite images," he added.

On 15 December, President Cardoso will open the Shanghai fair, which will be entitled "Brazil/PRC a strategic partnership." Ambassador Celso Vieira de Souza, head of the Itamaraty Department for Trade Promotion, said that the idea is to develop this type of partnership — which has worked out well in the sphere of space — for the spheres of civil construction, iron and steel mills, mining, agro-industry, communications, tourism, and informatics.

Chile

Congress Approves 1996 Draft Budget

PY0612001695 Santiago EL MERCURIO in Spanish 30 Nov 95 pp A1, A12

[FBIS Translated Excerpt] After seven weeks of exhaustive studies and two agreements between the government and the opposition that allowed for greater clarity and austerity in expenditures, Congress completed its discussions and approved the 1996 draft budget just four hours before the constitutional deadline expired.

The executive branch's draft budget, submitted to Congress on 30 September, was approved within the 60-day deadline that expired at midnight yesterday. The draft budget was approved after five subcommittees assessed more than 6,000 sectorial budget proposals that had been individually approved by the Special Budget Commission, after fulfilling the three constitutional procedures, and after once again submitting it to the Special Commission to overcome differences between the two houses.

The Special Budget Commission's proposal, which resulted from a global agreement between the government and the opposition, was approved yesterday afternoon by the Chamber of Deputies and the Senate, first in the Chamber of Deputies by 84 votes in favor and three abstentions — Deputies Fanny Pollarolo and Alejandro Navarro (PS [Socialist Party]) and Maximiano Errazuriz (RN [National Renewal Party]) abstained — and then in the Senate with the approval of all 26 senators present.

During the debate, the government and opposition had to reach two agreements on the draft bill. One, reached in the Chamber of Deputies, will allow for a clearer implementation of the budget and improve the information the executive branch must give Congress. Moreover, it grants regional governments greater autonomy to administer their investment resources.

The other agreement was reached within the Special Mixed Budget Commission. It allows for the establishment of rules to set maximum expenditures, restricting the power of the executive branch to increase them, unless done so by law, with a few exceptions. A cut was also attained on the expenditures on personnel (per diem, overtime, and fees) and expenditures on consumption goods and services totalling 4 billion pesos. Funds earmarked for sanitation enterprises and Enami [National Mining Enterprise] were also cut and may only be granted by the government through a special law. Moreover, requirements have been established to allocate resources for Enacar [National Coal Enterprise] and for programs like Sename [National Service for Children] and training programs for youths that will be subject to evaluation.

The budget draft bill approved by Congress amounts to 6.276 trillion pesos and $1.524 billion. The budget is calculated on the basis of an estimated 6.5 percent inflation rate next year, a 6.5 percent economic growth, an 8.1 percent total growth of public expenditures, a 7.1 percent increase in current expenditures, a 12 percent capital expenditure, and an average copper price

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of $0,98 per pound (although the Central Bank has estimated it will be $1.10 per pound).

The 1996 budget is the highest in Chilean history, with a savings rate estimated as the highest ever, amounting to about 28 percent of the GDP.

The total expenditure estimated by the Budget Law amounts to $17 billion, of which 70 percent is earmarked for social expenditures — some $12 billion — an increase of about 10 percent of which almost 50 percent is earmarked for social security. The greatest budget increase is in education, with a 16 percent increase, and public works due to a greater investment in infrastructure. [passage omitted]

As for public enterprises, of the 13 billion pesos the government proposed for Enacar, only 10 billion pesos were approved. Of this, 5.8 billion pesos are to service its debt and the rest to cover its operational deficit during the first half of next year. The remaining 3 billion pesos are subject to the results of an evaluation to be carried out by a special organization regarding the company's economic and financial situation.

Regarding the 2.6 billion pesos for sanitation enterprises, and the 2 billion pesos that were taken from the 8 billion pesos allocated for Enami, it was decided to eliminate them and if the government desires to grant them to some other enterprise it must send a law to Congress stating to what company it will be allocated and the reasons for the decision.

As for special programs, the budget for Sename, which is directly in charge of caring for minors, was maintained at 5 billion soles — 500 million were left pending until a law referring to the direct administration of children's homes is submitted to Congress.

Regarding the training program for youths, its launch has been suspended until March, by when the program efficiency will have been evaluated. [passage omitted]

After the draft bill was approved, Finance Minister Eduardo Aninat said the country benefited from the agreement reached, adding that the government had shown opening and vision. He reasserted that spending belongs exclusively to the executive branch, saying: "This has been made quite clear. There is no co-government in Chile, only an agreement between the parties to partially reduce expenditures for an amount that does not even surpass 1 percent of the total current expenditure."

He added that it is quite obvious that public expenditures are balanced, well organized, and planned, and that "expenditures are neither excessive nor too tight as some maintain."

He said that for the ninth consecutive year the state will contribute to national savings instead of taking from it. He noted the government's determination to continue to support the most vulnerable Chilean sectors.

He ended by stating: "We have all benefited. The debate was exhausting and now the country can rest assured because it will enter 1996 on the right foot."

RN Leader Andres Allamand Interviewed

PY0612004495 Santiago LA TERCERA DE LA HORA in Spanish 19 Nov 95 pp 10, 11

[Interview with National Renewal President Andres Allamand by Raul Rojas in La Serena; date not given]

[FBIS Translated Excerpt] [passage omitted] [Rojas] You have been accused of being too close to the government.

[Allamand] That is like the accusation against Sergio Onofre Jarpa in 1989 when, as president of National Renewal [RN], he gave impulse to the constitutional reforms.

[Rojas] But now the reforms are more profound.

[Allamand] In the many years I have been in politics, I have never seen a more singular debate, in which caricatures replaced arguments and where there was so much effort to distort the real issues under discussion. Once the people learn the nature of the approved reforms, they will realize that, far from dismantling the Constitution, the reforms strengthen it. Many of the harsh critics will have to read Cervantes again, to realize they were fighting against windmills.

[Rojas] Your critics also say you prepared the party's national council meeting like a suit to fit yourself, to prepare your "pre-proclamation" as presidential candidate. What do you say to that?

[Allamand] Show me a tailor capable of making suits for more than 400 independent leaders and congressmen who have their own ideas. What happened at the meeting was their demonstration of affection and respect for me.

[Rojas] You are not annoyed by the idea of becoming presidential candidate, are you? Are you flirting with the candidacy?

[Allamand] Manuel Fraga said once that a politician without ambition is a joke. I have no personal ambitions, but I do have the firm purpose of working hard to install the center-right in the government before the end of this century. Chile has a great historic opportunity and is not really taking advantage of it because, despite the fact that we have a country that is still going well, we

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have a government that is objectively doing badly. Chile needs a better government and I hope...well, let's not talk about it.

[Rojas] You say the government is not doing well. Many people say you are very close to the government.

[Allamand] I don't believe the opposition should try to make the government fail. That is a concept of an obsolete democracy and a perverse objective. The opposition must always put the interests of the country above everything else. People should not be mixed up. I searched with great effort for an agreement with the government to resolve the issue of trying members of the military and to improve the Constitution. My party's general council expressed support for my efforts but it believes we should strongly criticize the government more clearly. This is necessary to make clear that the government coalition is not doing well or is definitely bad.

[Rojas] Let us talk about this issue.

[Allamand] The things this government does can be divided in three groups: The things done badly, such as the labor reforms; the things the government says it does but does not do, such as solutions to basic problems affecting agriculture; and the things it just does not do, such as overall reforms in education and health.

[Rojas] Are we going badly then?

[Allamand] This is a great contradiction. The country is not in a bad situation. The government is not doing what it should be doing. The positive results shown by Chile are not getting to the people. We will grow over 7 percent again this year but there is no progress on education or health.

No advantage is being taken from the accelerated growth. Is it reasonable that having grown with the highest percentages ever over the last 10 years, 10 percent of the population is now poorer than in 1992? All social policies for eradicating poverty are a complete failure.

[Rojas] Socialist leader Gonzalo Martner said that as a result of the proposal for reconciliation, a new political axis has emerged: The PDC-PPD-RN [Christian Democratic Party-Party For Demcoracy-National Renewal].

[Allamand] Gonzalo Martner is so concerned with the internal elections in his party that he sees visions.

[Rojas] How do you see this axis?

[Allamand] It is absolutely impractical. Many believe the best political alliance for Chile should be a center alliance made up of the PDC and RN in order to isolate extremist parties, the UDI [Independent Democratic Union] on the right and the Socialist Party [PS] on the left. Such an alliance is impractical and unimaginable because PDC leaders have a fatal attraction for the left. I believe in a new alliance, a direct alliance between the progressive and democratic center-right and the electorate which for decades has supported the PDC and the most moderate sectors of the left. Such an alliance does not need any agreement at the party leadership level or negotiations but a natural tuning that must occur among many people who are disenchanted with the Coalition of Parties for Democracy [CPPD] and tired of their own parties, people who should visualize the RN and a progressive center-right as the choice for the future.

[Rojas] You said the PDC has a fatal attraction for the left. What about the RN and the UDI, is there a fatal aversion?

[Allamand] We have a firm will to reorganize relations in the center-right. It is not easy. Relations with the UDI reminds me the remark of a former president who said: "The country cannot be governed with the radicals, but it cannot be governed without them either."

Relations within the center-right are currently so bad and changing that if we dissociate for good, we will no longer be a government choice. If we dissociate we will not be a government choice either [sentence as published]. This is a puzzle difficult to resolve. [passage omitted]

[Rojas] How do you see the CPPD as a result of the human rights bill?

[Allamand] I agree with Camilo Escalona that the CPPD is going through its worst time. Some of its structural mistakes are beginning to appear. Until now, the CPPD was united by the past and divided by the future. Opposition to the military regime was the issue that united the members of the coalition. I believe there is a different logic now. For the government, especially for President Eduardo Frei, resolving issues of the past is historically necessary and an essential element for a good administration. The PS, as Interior Minister Carlos Figueroa said, has no interest in resolving the problems of the past. On the contrary, the PS wants to maintain the human rights issue to continue unjustly accusing the Armed Forces because it benefits the party politically and gets votes.

We do not worry about the PS position because we have a firm commitment with the government to resolve the trials affecting the members of the Armed Forces. We completely reject all observations by the PS.

[Rojas] You trust the government, not the CPPD.

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[Allamand] Absolutely. [passage omitted]

Colombia

Attorney Charges U.S. Pressure in Pallomari Inquiry

PA0612012695 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 6 Dec 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] Antonio Jose Cancino, who is President Ernesto Samper's attorney, talked about former Cali Cartel accountant Guillermo Pallomari's statements in the inquiry.

Cancino said there was U.S. pressure in that inquiry. Let us listen.

[Begin recording] [Cancino] What I see as very serious in the prosecutor general's actions in the Pallomari case is the intervention of U.S. officials in the process. I believe that is very serious.

[Unidentified reporter] Why do you see it as serious?

[Cancino] Because they violated the sovereignty of our jurisdiction. The fact that they gave us the right to question a person there does not give them the right to (?diminish) us and attack our jurisdictional dignity [dignidad jurisdiccional].

[Reporter] Would you say the Pallomari inquiry is the most recent violation of Colombia's sovereignty?

[Cancino] Up until this morning, yes.

[Reporter] Are you going to ask the president to do something to stop them from violating our sovereignty?

[Cancino] No. I am going to do it myself.

[Reporter] What are you going to do?

[Cancino] I am going to file a protest. I am not going to file a lawsuit. Every time I am about to file a protest they say I am going to sue the prosecutor general. I am not going to sue the prosecutor general. I am going to ask the Constitutional Court to speak out on the legality of certain procedures. It is as simple as that. I think I am doing the prosecutor general a service.

[Reporter] How did these U.S. officials directly intervene in the (?inquiry)?

[Cancino] I cannot say because I would be violating the proceeding's reservation.

[Reporter] But they were present during the inquiry? Right?

[Cancino] Yes, they were present, which is serious.

[Reporter] They exerted pressure?

[Cancino] They undoubtedly exerted pressure. I cannot say, because I cannot violate the proceeding's reservation.

[Reporter] In what sense did they exert pressure?

[Cancino] In the worst of senses. [end recording]

Prosecutor Rejects Leaks in Investigation

PA0612020995 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 6 Dec 95

[From the "Seven O'Clock Newscast"]

[FBIS Translated Text] Today, Prosecutor General Alfonso Valdivieso categorically rejected any leak in connection with the investigation of Guillermo Pallomari, former treasurer of the Cali Cartel. A part of the investigation was disclosed last night.

Valdivieso stated that he will find out who is responsible for these leaks.

[Begin recording] [Unidentified reporter] What measures will your office take to stop any further leak from the investigations linked to Case 8,000?

[Valdivieso] I am not sure your remark reflects reality. In addition to my office, other offices have access to this inquiry, including the Accusations Committee, the Supreme Court of Justice, the Office of the Ombudsman, and the Office of the Attorney General. However, I believe — and I have said it repeatedly — these leaks constitute an affront to the justice system. [end recording]

Results of Samper Investigation Expected 6 Dec

PA0612020395 Santa Fe de Bogota Inravision Television Canal A Network in Spanish 0000 GMT 6 Dec 95

[From the "Seven O'Clock" newscast]

[FBIS Translated Text] Heyne Mogollon, head of the congressional committee investigating President Ernesto Samper, was visibly annoyed today. Several representatives of the Accusations Committee have not started reviewing the 26 depositions made as part of the process regarding President Samper's conduct.

Mogollon arrived early at the Congress building with a sole purpose: to meet with the other 14 members of the committee to analyze the various testimonies given during the investigations on the president's presumed links to money from drug traffickers during his campaign. No

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one, however, arrived for the meeting. Then, Mogollon decided to talk:

[Begin Mogollon recording] Tomorrow afternoon, before 1800, I will present to the Secretariat a draft resolution with the results of the investigation. The committee must meet and start... [pauses] or must make a decision regarding the steps it will take. [end recording]

Mogollon said that it is his intention to have a decision before 16 December, when Congress will close. He warned, however, that outsiders cannot be present at the committee meetings.

[Begin Mogollon recording] Those debates are as private as the joint sessions of the Supreme Court of Justice. [end recording]

Mogollon warned that decisions reached within the committee cannot be appealed, but the members can cast a dissenting vote.

Government Adopts Temporary Banana Export Mechanism

PA0512133395 Madrid EFE in Spanish 0032 GMT 2 Dec 95

[FBIS Translated Text] Santa Fe de Bogota, 1 Dec (EFE) — The Colombian Government today announced the adoption of a temporary mechanism that will guide its banana exports to the European Union (EU) in the first trimester of next year. The new mechanism will divide the quota, estimated as 147,480 tons of the fruit, among local producers.

The ruling was established by the ministries of foreign trade and agriculture and its objective is to divide the quota "in an equitable manner and with strict adherence to the multilateral principles applicable to the topic."

According to the decree signed by President Ernesto Samper and Daniel Mazuera and Gustavo Castro, the foreign trade and agriculture ministers respectively, the EU banana market has import restrictions "that have substantially affected Colombia's exports of this product."

With the temporary mechanism, the Colombian Government attempts to overcome situations that negatively affect the country's commercial interest — such as those restrictions — and ensure better access conditions to its export sector — in this case the banana sector — in foreign markets.

The adoption of a regulation to divide the quota assigned to the country among the local banana producers adheres to the guideline agreement on banana exports to the EU, which Colombia signed.

This agreement has prompted U.S. marketing consortiums to present charges against it because they believe it damages their interests, and has provided that the U.S. Congress can issue commercial penalties against Colombia and Costa Rica, countries that signed the agreement.

The regulation adopted by Colombia will give 97 percent of the 147,480-ton quota to export organizations that represent producers who have exported a minimum of 500 tons of the fruit in 1993 and 1994.

The remaining percentage will be assigned to export organizations that do not meet the yearly volume requirement or have been created recently.

Ecuador

Economic Crisis Causes Capital Flight

PY0512210395 Quito Voz de Los Andes in Spanish 1700 GMT 5 Dec 95

[FBIS Translated Text] According to an official source today, some $150 million in private national and foreign capital were drained from Ecuador following the recent economic and energy crises.

Finance Minister Ivan Andrade said that long-term investments currently amount to about $550 million; which would have amounted to $700 million had it not been for the capital flight.

The Ecuadoran economy has been subject to heavy pressure this year following the border conflict with Peru, and a political and energy crisis.

These factors generate uncertainty among national and foreign investors, and monetary authorities were forced to modify the 1995 and 1996 macroeconomic programs twice.

Andrade said the $150 million corresponds to overdue obligations.

He ratified that on 7 December, Ecuador will submit to the IMF a list goals for the first six months of 1996.

The IMF has already approved the 1996 macroeconomic program. One government official said the plan will be submitted on 7 December, and Ecuador hopes to sign it next week.

It is estimated that by the end of 1995 the fiscal deficit will amount to 1.3 percent, the economic growth to between 3 and 3.3 percent, and inflation to between 19 and 21 percent.

In April, an IMF mission will pay its first visit of the year, followed by another in September or October under the new Ecuadoran administration.

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Andean Pact Members To Pay Tariff on Fuel Sales

PY0512144395 Madrid EFE in Spanish 1801 GMT 2 Dec 95

[FBIS Translated Excerpt] Quito, 2 Dec (EFE) — According to a decree issued by Ecuadoran President Sixto Duran-Ballen, the Andean Pact member countries will pay custom tariffs on fuel sales to Ecuador. The purpose of this measure is to stop the importation of fuel at prices below the local prices.

The decree establishes that the tariff on the importation of oil byproducts will apply "without exception, to all imports coming from any country." In the past this tariff was not charged to the Andean Pact member countries (Bolivia, Colombia, Peru, and Venezuela).

Energy Minister Jorge Pareja today told EFE that "the fuel produced in Ecuador was at a disadvantage with that imported from the Andean Pact member countries because the fuel produced locally pays tariffs and the other does not."

Pareja added: "It was a very serious problem we had," and added that the tax exemption affected both the public and private sectors "that imported from countries that do not belong to the Andean Pact and do pay tariffs." Therefore, "absolutely equal rules for all have been established." [passage omitted]

Deputy Minister Meets Brazilian Political Official

PY0512212295 Quito Voz de Los Andes in Spanish 1700 GMT 5 Dec 95

[FBIS Translated Text] Ivan Oliveira Canabrava, political affairs under secretary of the Brazilian Foreign Ministry, arrived in Ecuador to meet with Deputy Foreign Minister Marcelo Fernandez de Cordoba.

The meeting was held on 3 December at the Ecuadoran Foreign Ministry. It served to make an evaluation of the peace process between Ecuador and Peru. The meeting also served to point out the important role the guarantor countries of the Rio de Janeiro Protocol continue to play. The state of bilateral relations and the need to continue working to strengthen mutual links were assessed.

Oliveira Canabrava was accompanied by Charge d'Affaires (Victoria Clavert) and her cabinet chief (Katia Gilaberte). She expressed the Brazilian Government's desire to strengthen technical cooperation with Ecuador.

Oliveira Canabrava was received by Fernandez de Cordoba, Political Affairs Under Secretary Hernan Veintimilla, and his aid Rodrigo Riofrio.

Foreign Minister on Sustainable Development in Amazon

PY0512212495 Quito Voz de Los Andes in Spanish 1700 GMT 5 Dec 95

[FBIS Translated Text] Ecuadoran Foreign Minister Galo Leoro Franco, who is attending the Fifth Foreign Ministers Meeting of the Amazon Cooperation Treaty, said that despite efforts by the special secretariat for sustainable development in the Amazon region, the treaty members are finding serious and common problems.

Leoro added that each country is responding with new national strategies to resolve the problems. He recognized the multinational efforts by the special secretariat, which was the responsibility of Ecuador from 1990 to 1994, and the responsibility of Peru from February 1994. He said very important regional projects for the development of the Amazon region with the technical and financial cooperation of international organizations were carried out during this period.

Leoro said the countries of the Amazon basin face problems related to poverty and unemployment, greater contamination of the environment, the indiscriminate destruction of forests, and the lacks of basic and social infrastructure. He said this is why measures to mitigate these problems must be implemented.

Leoro said that Ecuador — because of its special interest in protecting the Amazon region and in response to the spirit of the Amazon Cooperation Treaty — adopted concrete measures to protect the region and to implement sustainable development within its territory, in addition to coordinating actions with other treaty members.

Paraguay

President Criticizes Congressional Investigating Committee

PY0612020395 Asuncion ULTIMA HORA in Spanish 5 Dec 95 p 16

[FBIS Translated Text] President Juan Carlos Wasmosy this morning harshly lashed out at the Congressional Bicameral Investigating Committee [on Illegal Activities] [CBII]. He emphasized that it had become "an office of terror and blackmail." Wasmosy also complained about the absence of laws to protect policemen.

How to overcome corruption? Wasmosy answered this question by pointing out that, in the public sector, the Office of the Comptroller General "is working properly, largely supplying the requirements which sometimes, due to political tricks, have transformed the CBII into an office of terror and, it must be said, blackmail; not

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just among the public sector, but also among the private sector, without authorization or rights established by the Constitution."

The president of the Republic supported his charges against the CBII, pointing out that he is saying this "authoritatively."

Wasmosy indicated: "For the CBII to participate in 'resolving' (the quotation marks were placed by Wasmosy) the public administration and the private sector, you must remember that it engages into outright daylight robberies and blackmail — and I say this authoritatively — without any right to do so. Pursuant to the constitutional principles, the Office of the Comptroller General is now operating."

The president of the Republic pointed out: "Let us hope criminal and administrative laws will be improved so as to have the legal mechanisms required to fight corruption." He hinted at the task of the legislative branch which must introduce reforms on this issue. The Penal Code reform was not approved by either congressional chamber this year.

After calling for the reform of the Penal Code, Wasmosy noted: "The executive branch frequently acts, only to have a judge appear and challenge the executive branch's action. There are witnesses here. There are people here who belong to the transportation sector. We have removed 123 buses from service. The buses were 'illegal,' the license plates were 'illegal,' and the bus lines were 'illegal.' Then a judge ordered me to reinstate all these buses."

Peru

MRTA Members Arrested on Plan To Seize Congress Building

PY0512132695 Lima Radio Programas del Peru Network in Spanish 0100 GMT 5 Dec 95

[FBIS Translated Text] Security measures surrounding Congress were tightened today after learning about the aborted plan by the MRTA [Tupac Amaru Revolutionary Movement] to take over the Congress building.

Vehicles belonging to various media sectors were not allowed near the Bolivar Square while the main building was heavily guarded.

First Vice President Victor Joy Way confirmed that the U.S. woman captured together with other MRTA members had entered the Congress building at least four times with forged credentials as a journalist.

The official confirmation that MRTA planned to take over the Congress building and take legislators as hostages prompted a predictable reaction of the Congress security system. However, unlike previous occasions, the methods used were not the best. On one hand, the vehicles of the various media sectors were not allowed into Bolivar Square, where they usually park. Journalists accredited to Congress reacted to the unexpected measure only to be told that the orders came from above.

It was also confirmed that two of the terrorists captured after the incident in La Molina had had previous access to the Congress building.

On one hand, the Bolivian citizen [Nancy Juliana Condena] regularly attended the Thursday sessions as an accredited photographer. She was accompanied by U.S. citizen [Lori Helen Besouso Mejia], who is a sociologist and pretended to be a journalist for a New York magazine. The two women had forged their ID cards. It has been officially established that they have both been in the Congress building.

[Begin Joy Way recording] I want to mention that one of the people linked to the MRTA has been here on four opportunities, interviewing members of the committees. This person carried a journalists' ID card.

[Unidentified journalist] Are you referring to the U.S. journalist?

[Joy Way] That is right. Moreover, she came with another group that also identified themselves as journalists.

[Reporter] Does this mean the security system failed?

[Joy Way] Well, we cannot say where the mistake lies. The problem is that we have always been very considerate with the media in general. [end recording]

The number of policemen and private guards that usually stand outside the main building has increased noticeably.

Moreover, the groups of individuals who usually rally around Congress were only allowed to march up to Abancay Avenue, and were not allowed near the main Congress entrance.

As for the presence of military men, the number is similar to that observed every day, especially when there is a change of guard of representatives of the three Armed Forces.

President Announces 'Total War' Against Monopolies

PY0512133595 Madrid EFE in Spanish 1617 GMT 3 Dec 95

[FBIS Translated Excerpt] Lima, 3 Dec (EFE) — Peruvian President Alberto Fujimori said today that his

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administration will soon begin a total war against the monopolistic and oligopolistic practices that prevail and distort the Peruvian market.

Fujimori announced that in the next few days he will ask Congress to grant his administration special legislative powers for the approval of a package of antimonopolistic measures.

Among the measures he mentioned the strengthening of the auditing and control powers of the National Institute for the Protection of Free Competition and Intellectual Property (Indecopi) and stronger sanctions for the violators of market regulations.

Fujimori added: "We will give the Indecopi greater decision power to be able, for example, to review the book accounts of companies and verify if possible the cases of price agreements." [passage omitted]

President Seeks 'Amnesty Law' for Repentant Drug Traffickers

PY0512154595 Madrid EFE in Spanish 1847 GMT 4 Dec 95

[FBIS Translated Text] Lima, 4 Dec (EFE) — Peruvian President Alberto Fujimori reported today that the Peruvian Government is studying the possibility of issuing an amnesty law [ley de perdon] for repentant drug traffickers who might cooperate with the police within an overall plan to fight the drug trafficking "board" which will be in effect very soon.

The Peruvian Government will ask Congress to grant him legislative powers to approve said law before Congress begins its summer recess on 15 December, the president said.

Fujimori said that the law, which will promote desertion from the illegal drug trafficking activities and their reinstatement into society, would be similar to the abolished repentance law for terrorists, which was in effect in Peru between 1992 and 1994.

According to Nelida Colan, prosecutor general of Peru, thanks to that law more than 9,000 men and women who supported the terrorist organizations of Shining Path and the Tupac Amaru Revolutionary Movement (MRTA) have surrendered to the courts and were reinstated into society.

That law either pardoned or reduced the sentence of members of the armed groups that gave up their weapons and cooperated with the police to capture the leaders of their subversive organizations.

Fujimori said that the law he hopes his government will approve against drug trafficking "must be similar to that which allowed us to dismantle the terrorist groups."

"We are not going to persecute the drug sellers, we are going to attack directly the top leaders of drug trafficking as we did with Shining Path and the MRTA," he said.

Peru is currently the first world producer of basic cocaine, which is acquired by the Colombian drug "cartels" which transform it into pure cocaine which is exported to the United States and Europe.

This year, the Peruvian officials seized 24,000 kg of cocaine; intercepted or shot down a considerable number of planes dedicated to drug transport to Colombia; and disbanded at least three of the largest drug-trafficking gangs in the country.

President Seeks Joint Efforts Against Poverty, Drugs

PY0512152095 Madrid EFE in Spanish 1812 GMT 4 Dec 95

[FBIS Translated Text] Lima, 4 Dec (EFE) — On dedicating today the fifth meeting of foreign ministers of the Amazon Region Cooperation Treaty (TCA), Peruvian President Alberto Fujimori asked the Amazon countries to join efforts to fight the poverty and drug trafficking that are affecting the Amazon region.

Fujimori said that the sustainable development of the Amazon region must be a priority, "together with the campaign against poverty caused by the migration of agricultural farmers and by illegal activities, such as coca production."

He thus stressed the need that drug consuming countries, "which are the ones which have generated this market and not the opposite," must finance "with realism and decision the development of an economy alternate to that of the coca."

Thus, Fujimori said that Peru "did not remain with its armed crossed," and that "while implementing an antipoverty program, it has also fought drug trafficking inexorably."

As a result of that fight, the Peruvian forces of order this year seized some 24,000 kg of drugs and arrested several important leaders of the drug trafficking organizations.

Fujimori said that preserving the Amazon region demands a high cost for the Amazon countries because it implies giving up the immediate benefits that can be obtained from resources of that region.

He also proposed a more effective policy of social support in favor of the Amazon communities, "which have been able to preserve the ecological balance and the wealth of the forests."

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The Peruvian president added that in this regard, his government has given to the Amazon region communities 1,000 boats capable of carrying up to 2 tonnes, and that he intends to extend this program, "which has been very successful," he said.

He admitted, however, that the Peruvian Government still has a "pending debt" with the native communities, referring to the ownership of the land, "which legally and historically belongs to them."

Fujimori also referred to the need to limit the indiscriminate forest exploitation by companies that "after razing the forests only leave mounds of ashes."

He explained that Peru will no longer grant concessions for forest exploitations that cause irreversible damage "such as those that took place in other parts of the world with tropical countries."

"Sustainable development is the only way to make compatible the exploitation of resources from this region for current generations with the defense and preservation of the same for future generations," he said.

Fujimori added that without a rational use of natural resources of the Amazon basin "we would be repeating the nefarious experience which in other parts of the world has ended up in desertification."

The Peruvian president said that the meeting of TCA foreign ministers will help harmonize national policies, the financial management, and the openness of technology for the benefit of communities of that region.

Present at the meeting are the foreign ministers from Ecuador, Galo Leoro; Suriname, Subhas G. Mungra; Guiana, Clement J. Rohee; Colombia, Rodrigo Pardo Garcia-Pena; Brazil, Luis Felipe Lampreia; Venezuela, Miguel Angel Burelli Rivas; Bolivia, Antonio Aranibar Quiroga; and Peru, Francisco Tudela.

At the plenary session the foreign ministers will conduct overall discussions on the problems that affect that region, and tomorrow they will discuss behind closed doors a proposal on the use of the Amazon forests, of their hydrographic and biological resources, among others.

The TCA was signed on 3 July 1978 by Brazil's initiative, and in its fifth forum it seeks to establish new horizons for regional cooperation beginning with the national and world developments sponsored by the 1992 Rio Conference on Environment and Development.

Venezuela

Aircraft Crash Investigated, Army Outpost Attacked

PA0112232795 Caracas Venezolana de Television Network in Spanish 0200 GMT 1 Dec 95

[Report by Pedro Prado]

[FBIS Translated Text] The causes for an Armed Forces aircraft crash on Wednesday in Perija mountain range in which one technical sergeant was killed and five soldiers were injured, have yet to be determined.

[Begin recording] [Pedro Prado] At this time, the investigating board is following the same investigative procedures which are being conducted in the accidents of the airplane in La Carlota and the F-16 aircraft in Maracay. Armed Forces Inspector General Tulio Prado says in these cases every possibility is being investigated and nothing is being overlooked, including the possibility that the aircraft was attacked.

[Gen. Prado] We are investigating every hypothesis. We cannot overlook any one. We have to investigate them all and conduct a technical, scientific investigation to determine whether the accident was caused by a bullet impact, mechanical failure, or pilot error. Whatever the case, we will report it.

[Pedro Prado] In addition, General Prado confirmed an attack on the national guard outpost in Buena Vista, Apure State, with no major consequences, and which received some assistance from a Colombian patrol boat.

[Gen. Prado] The outpost was attacked from the other side of the river, from the Colombian side. The Colombian patrol boat was carrying out its patrol and took its positions. No one was injured. There was nothing to regret, and there were no material losses. It is believed that this new attack on a Venezuelan Armed Forces outpost was carried out by the Colombian Army of National Liberation, a Colombian guerrilla force which operates near the Apure zone, especially because the Buena Vista outpost attacked is near Cararabo. [end recording]

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